ATS AUTOMATION

(519) 653-6500
(519) 650-6520

730 Fountain Street North, Cambridge, Ontario N3H 4R7

Management’s Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for the three and six months ended September 26, 2010 (second quarter of fiscal 2011) is as of November 2, 2010 and provides information on the operating activities, performance and financial position of ATS Automation Tooling Systems Inc. (“ATS” or the “Company”) and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the second quarter of fiscal 2011. The Company assumes that the reader of this MD&A has access to and has read the audited annual consolidated financial statements and MD&A of the Company for the year ended March 31, 2010 (fiscal 2010) and the unaudited interim consolidated financial statements and MD&A for the three months ended June 27, 2010 and, accordingly, the purpose of this document is to provide a second quarter update to the information contained in the fiscal 2010 MD&A. These documents and other information relating to the Company, including the Company's fiscal 2010 audited annual consolidated financial statements, MD&A and annual information form may be found on SEDAR at www.sedar.com.

Notice to Reader

The Company has two reportable segments: Automation Systems Group (“ASG”) and Photowatt Technologies (“Photowatt”) which includes Photowatt France (“PWF”) and Photowatt Ontario (“PWO”). References to Photowatt’s cell ‘’efficiency’’ means the percentage of incident energy that is converted into electrical energy in a solar cell. Solar cells and modules are sold based on wattage output.

Non-GAAP Measures

Throughout this document the term “operating earnings” is used to denote earnings (loss) from operations. EBITDA is also used and is defined as earnings (loss) from operations excluding depreciation and amortization (which includes amortization of intangible assets). The term “margin” refers to an amount as a percentage of revenues. The terms “earnings (loss) from operations”, “operating earnings”, ”margin”, “operating loss”, “operating results”, “operating margin”, “EBITDA”, “Order Bookings” and “Order Backlog” do not have any standardized meaning prescribed within Canadian generally accepted accounting principles (“GAAP”) and therefore may not be comparable to similar measures presented by other companies. Operating earnings and EBITDA are some of the measures the Company uses to evaluate the performance of its segments. Management believes that ATS shareholders and potential investors in ATS use non-GAAP financial measures such as operating earnings and EBITDA in making investment decisions about the Company and measuring its operational results. A reconciliation of operating earnings and EBITDA to total Company net income for the first and second quarters of fiscal 2011 and 2010 is contained in this MD&A (See “Reconciliation of EBITDA to GAAP Measures”). EBITDA should not be construed as a substitute for net income determined in accordance with GAAP. Order Bookings represent new orders for the supply of automation systems and products that management believes are firm. Order Backlog is the estimated unearned portion of ASG revenues on customer contracts that are in process and have not been completed at the specified date. A reconciliation of Order Bookings and Order Backlog to total Company revenues for the first and second quarters of fiscal 2011 and 2010 is contained in the MD&A (See "ASG Order Backlog Continuity").

Acquisition of Sortimat

On June 1, 2010, ATS completed its acquisition of 100% of Sortimat Group ("Sortimat"). Sortimat is a manufacturer of assembly systems for the life sciences market. Headquartered in Germany, and established in 1959, Sortimat also has locations in Chicago and a small, 60% owned subsidiary in India. Sortimat is being integrated into the Company's ASG segment.

The Sortimat acquisition aligns with ATS's strategy of expanding its position in the global automation market and enhancing growth opportunities, particularly in strategic segments, such as life sciences. The Company will benefit from Sortimat's significant experience and products in advanced system development, manufacturing, handling, and feeder technologies. This acquisition has provided ATS with the scale required to further organize its marketing and divisions into a group focused on life sciences with the objective to grow its exposure to this market segment and help customers differentiate themselves from their competitors. To implement the integration and effect margin improvements, the Company has deployed people to apply best practices, command and control, and program management and to advance approach to market.

The total cash consideration paid for Sortimat was $51.9 million (40.4 million Euro), which included $2.4 million of acquisition related costs, primarily for advisory services. Potential future payments of up to $8.5 million (6.6 million Euro), which are payable subject to the achievement of milestones related to operating performance and specific management services to be provided over the next two and a half years, are not included in the cost of acquisition. During the three and six months ended September 26, 2010 the Company recognized in selling, general and administrative expense $0.4 million and $0.6 million respectively related to specific management services.

AUTOMATION SYSTEMS GROUP SEGMENT

ASG Revenues
(In millions of dollars. Figures include intersegment revenues)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
Revenues by industry				
Life sciences	**$ 51.5**	$ 42.4	**$ 90.9**	$ 78.4
Computer-electronics	**8.8**	1.9	**22.8**	16.2
Energy	**32.4**	33.9	**73.3**	75.2
Transportation	**12.4**	11.1	**21.5**	25.2
Other	**12.7**	7.7	**15.9**	17.2
Total ASG revenues	**$ 117.8**	$ 97.0	**$ 224.4**	$ 212.2

Second Quarter

ASG second quarter revenues were 21% higher than a year ago; primarily as a result of the incremental $18.2 million of revenues earned by Sortimat and the 48% increase in Order Bookings compared to the second quarter a year ago. Quarter-over-quarter foreign exchange rate changes negatively impacted the translation of revenues derived at foreign operations, due to the strong Canadian dollar relative to the U.S. dollar and Euro.

By industrial market, revenues from life sciences increased by 21% primarily as a result of the incremental revenues earned by Sortimat, the majority of which was generated in the life sciences market. The 363% increase in computer-electronics revenues reflected higher Order Bookings in the second quarter. Revenues generated in the energy market decreased 4% on lower Order Backlog entering the quarter. The 12% improvement in transportation revenues compared to a year ago reflected higher Order Bookings in the first two quarters of the year. "Other" revenues increased 65% year over year due primarily to higher consumer products revenues.

Year-to-date

ASG revenues for the six months ended September 26, 2010 increased 6% compared to the corresponding period of fiscal 2010. The increase reflected Sortimat's year-to-date contribution to revenues of $23.6 million, as well as higher Order Bookings through the first half of fiscal 2011 compared to 2010. Year-to-date foreign exchange rate changes negatively impacted the translation of revenues derived at foreign operations, due to the strong Canadian dollar relative to the U.S. dollar and Euro.

By industrial market, year-to-date revenues from life sciences and computer-electronics increased 16% and 41% respectively compared to the corresponding period last year. Revenues in energy, transportation, and "Other" markets decreased 3%, 15% and 8% respectively compared to the same period a year ago.

ASG Operating Results
(In millions of dollars. Figures include intersegment revenues)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
Earnings from operations	**$ 14.5**	$ 13.6	**$ 30.4**	$ 28.4
Depreciation and amortization	**2.5**	1.7	**4.2**	3.6
EBITDA	**$ 17.0**	$ 15.3	**$ 34.6**	$ 32.0

Second Quarter

Fiscal 2011 second quarter ASG earnings from operations were $14.5 million (12% operating margin) compared to earnings from operations of $13.6 million (14% operating margin) in the second quarter of fiscal 2010. Higher earnings from operations reflected higher revenues in the second quarter of fiscal 2011 compared to the corresponding period a year ago. Higher earnings from operations were partially offset by the inclusion of Sortimat's businesses, which currently have lower operating margins than ASG's other operations. In the second quarter of fiscal 2010, ASG recognized a benefit of $2.5 million of incremental investment tax credits utilized to reduce taxes payable, partially offset by severance and restructuring charges of $1.6 million related to division closures and workforce reductions.

ASG depreciation and amortization expense increased to $2.5 million in the second quarter of fiscal 2011 compared to $1.7 million in the same period a year ago. The increase in fiscal 2011 second quarter depreciation and amortization primarily related to a $0.8 million increase in amortization on the identifiable intangible assets recorded on the acquisition of Sortimat.

Year-to-date

For the six months ended September 26, 2010, ASG earnings from operations were $30.4 million (14% operating margin) compared to earnings from operations of $28.4 million (13% operating margin) in the corresponding period a year ago. Included in fiscal 2010 operating earnings was $3.7 million of severance and restructuring expenses and the benefit of a $2.5 million incremental investment tax credit. Excluding these prior year items, ASG operating earnings for the first half of fiscal 2010 were $29.6 million (14% operating margin). The improvement in fiscal 2011 earnings from operations resulted from higher revenues, partially offset by lower profitability in Sortimat's businesses.

ASG depreciation and amortization expense was $4.2 million in the first six months of fiscal 2011 compared to $3.6 million in the same period a year ago. The increase in fiscal 2011 depreciation and amortization primarily related to a $1.1 million increase in amortization on the identifiable intangible assets recorded on the acquisition of Sortimat.

ASG Order Bookings

Fiscal 2011 second quarter ASG Order Bookings were $105 million, 48% higher than the second quarter of fiscal 2010, reflecting the addition of Sortimat's businesses and improved Order Bookings in computer-electronics, transportation and energy. Order Bookings in the first five weeks of the third quarter of fiscal 2011 were $34 million.

ASG Order Backlog Continuity
(In millions of dollars)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
Opening Order Backlog	**$ 215**	$ 230	**$ 209**	$ 255
Revenues	**(118)**	(97)	**(224)**	(212)
Order Bookings	**105**	71	**190**	167
Order Backlog adjustments[1]	**6**	(7)	**33**	(13)
Total	**$ 208**	$ 197	**$ 208**	$ 197

[1] Order Backlog adjustments include foreign exchange and cancellations and incremental Order Backlog of $27 million acquired in the first quarter through the Sortimat acquisition.

Order Backlog by Industry
(In millions of dollars)

As at	**Sept 26, 2010**	Sept 27, 2009
Life Sciences	**$ 78**	$ 105
Computer-electronics	**14**	11
Energy	**48**	35
Transportation	**29**	20
Other	**39**	26
Total	**$ 208**	$ 197

At September 26, 2010, ASG Order Backlog was $208 million, 6% higher than at September 27, 2009, primarily reflecting increased Order Bookings in the second quarter of fiscal 2011 and Sortimat's Order Booking and Order Backlog contribution.

ASG Outlook

In the short term, management believes business investment and capital spending by customers will remain low. The general economic environment, which negatively impacted the Company throughout fiscal 2010, remains volatile. Despite signs of improvement in some of ASG's customers' markets, many customers are continuing to push-out spending and delay investment decisions. Management expects that this will continue to cause volatility in Order Bookings and put pressure on revenues in the short-term. As the global economy and some of the Company's markets have shown some signs of strengthening, activity in ASG's front-end of the business has increased. However, management believes that increased capital spending will continue to lag the general economic recovery as companies are hesitant to invest until their markets stabilize and/or show signs of growth.

ASG continues to maintain profitable operating margins, despite difficult market conditions and competitive pressures. Low volumes and revenues are expected to continue to present challenges to maintaining margins at current levels. Management expects that the implementation of its strategic initiatives to improve leadership, business processes and supply chain management will continue to have a positive impact on ASG operations. However, the impact of these initiatives will also be affected by current market conditions and lower Order Bookings and Order Backlog.

The integration of Sortimat is progressing. The new management team to lead ASG's businesses in the life sciences market is in place, with management drawn from both Sortimat and ATS. Efforts to integrate Sortimat into ASG's sales and marketing, program management, administration and command and control processes are moving ahead. Additional initiatives to reduce operating costs are underway and management expects that they will be implemented during the third quarter of fiscal 2011. Management expects that until Sortimat is fully integrated, ASG operating margins will be negatively impacted.

Management believes the Company's strong balance sheet, approach to market and operational improvements will provide a solid foundation for ASG to improve performance when the general business environment, including capital investment, stabilizes and returns to growth.

The Company's strong financial position also provides ASG with the flexibility to pursue its growth strategy. The Company is actively seeking to expand its position in the global automation market organically and through acquisition. Management is continuing to review a number of opportunities and is actively in discussions and conducting due diligence with respect to certain of these opportunities. The completion and timing of any transaction resulting from such discussions is dependent on a number of factors, including: completion of satisfactory due diligence; negotiation of agreements; and, requisite Board of Directors and other approvals.

PHOTOWATT TECHNOLOGIES SEGMENT

Photowatt Revenues
(In millions of dollars)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
Total Revenues	**$ 45.1**	$ 51.5	**$ 93.9**	$ 91.6

Second Quarter

Photowatt's fiscal 2011 second quarter revenues of $45.1 million were 12% lower than the second quarter of fiscal 2010. Included in the revenues earned in the three months ended September 26, 2010 was $12.2 million of revenues generated from the sale of excess raw material inventory, which was sold for approximately its net book value.

Excluding the revenues from raw material sales, Photowatt's second quarter revenues were 36% lower than the corresponding period a year ago, reflecting lower average selling prices and a decrease in system sales. A decrease in total megawatts ("MWs") sold to 10.0 MWs from 10.6 MWs a year ago also negatively impacted second quarter fiscal 2011 revenues. Revenues from the sale of systems decreased to $20.1 million from

$30.7 million in the second quarter of fiscal 2010 due primarily to lower average selling prices per watt. Quarter-over-quarter foreign exchange rate changes negatively impacted the translation of revenues earned at PWF due to the strong Canadian dollar relative to the Euro.

Year-to-date

Photowatt revenues for the first six months of fiscal 2011 increased 3% compared to the same period a year ago. Higher year-over-year revenues reflected $19.3 million of revenues generated primarily from the sale of raw material inventory, which was sold for approximately its net book value.

Excluding the revenues from raw material sales, Photowatt's revenues were lower by 19%. Lower revenues reflected lower average selling prices per watt, decreased systems sales of $46.3 million compared to $55.5 million a year ago and the strong Canadian dollar relative to the Euro, which negatively impacted the translation of revenues earned at PWF. These year-over-year decreases were partially offset by an increase in MWs sold to 21.4 MWs in fiscal 2011 from 18.9 MWs a year ago.

Photowatt Operating Results
(In millions of dollars)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
Earnings (loss) from operations	**$ (2.6)**	$ 0.6	**$ (2.8)**	$ (6.9)
Depreciation and amortization	**3.5**	4.1	**6.8**	8.2
EBITDA	**$ 0.9**	$ 4.7	**$ 4.0**	$ 1.3

Second Quarter

Photowatt fiscal 2011 second quarter loss from operations was $2.6 million (negative 6% operating margin) compared to operating earnings of $0.6 million (1% operating margin) for the corresponding period a year ago. The year-over-year decline in operating earnings reflected lower revenues and incremental costs related to the start-up of PWO, which has not begun to generate revenues.

Operating costs from PWF's joint venture PV Alliance ("PVA") increased to $0.4 million compared to break-even a year ago as activity ramped-up in advance of the launch of the PVA's 25 MW cell line, which is expected in the third quarter of fiscal 2011.

Photowatt's second quarter operating results in both fiscal 2011 and 2010 were also negatively impacted by its annual three-week PWF factory shut-down.

Photowatt's fiscal 2011 second quarter depreciation and amortization expense was $3.5 million compared to $4.1 million in the second quarter of fiscal 2010, partially reflecting the stronger Canadian dollar relative to the Euro, which impacted the translation of PWF's depreciation and amortization expenses.

Year-to-Date

Photowatt's loss from operations for the six months ended September 26, 2010 was $2.8 million (negative 3% operating margin) compared to a loss from operations of $6.9 million (negative 8% operating margin) for the corresponding period a year ago. Included in last year's operating loss was a $4.7 million warranty charge related to a specific customer contract which contained an incremental performance clause beyond Photowatt's standard warranty terms.

Excluding the prior year warranty charge, operating profitability declined in the first two quarters of fiscal 2011 when compared to fiscal 2010. The year-over-year decline in operating results reflected a reduction in system sales and lower average selling prices, partially offset by higher MWs sold and lower direct manufacturing costs-per-watt.

Photowatt's fiscal 2011 year-to-date loss from operations included incremental costs related to the PWO start-up, which was initiated during the third quarter of fiscal 2010. Operating costs from PWF's joint venture PV Alliance increased to $0.7 million compared to $0.1 million a year ago.

Photowatt's depreciation and amortization expense for the six months ended September 26, 2010 was $6.8 million compared to $8.2 million for the corresponding period last year. The decrease reflected the stronger Canadian dollar relative to the Euro, which impacted the translation of PWF's depreciation and amortization expense.

Photowatt Outlook

Management believes that solar power is, and for the foreseeable future will be, affected by and largely dependent on the existence of government incentives. Reductions in feed-in tariffs for solar energy implemented in Germany and France and anticipated further reductions are expected to have a negative impact on average selling prices per watt. Increased industry capacity, particularly from low-cost manufacturers in Asia, is expected to further negatively impact average selling prices per watt. Reductions in feed-in-tariffs are also causing volatility in orders as solar distributors, developers and installers pull in orders to take advantage of current feed-in-tariffs before they are reduced. This volatility is also reducing visibility into Photowatt's mid and long-term pipeline.

In France, PWF has secured sales for a significant portion of its capacity for the third quarter of fiscal 2011; however, revenues will be impacted by lower year-over-year average selling prices.

In Ontario, PWO has secured conditional feed-in tariff approvals totalling approximately 64 MWs related to large scale renewable energy applications made by a project development joint venture, Ontario Solar PV Fields ("OSPV") in which ATS holds a 50% interest. OSPV will utilize a range of solar solutions including modules manufactured by ATS in Cambridge, Canada. OSPV is now in the process of obtaining necessary joint venture partner approvals and other requisite approvals. OSPV's next steps include efforts to arrange financing and ultimate project ownership. PWO has signed agreements with developers who are in the process of securing conditional feed-in tariff approvals for a number of projects. PWO will provide modules and other related services to these projects. Production from the Company's 100 MW module line will begin in the third quarter of fiscal 2011, with production expected to ramp-up to full capacity to meet demand in early fiscal 2012.

Management is pursuing other downstream alternatives to create an additional market for Photowatt's products, including working with manufacturing partners to identify and expand its pipeline of both ground-mount and roof-top solar energy projects. Management expects improvements in cell efficiency, manufacturing yields and throughput will continue to reduce Photowatt's direct manufacturing costs-per-watt. Management does not know to what extent planned cost reductions will offset the impact of the expected decline in average selling prices on operating earnings. Management is now proceeding with a plan to reduce Photowatt's cost structure to keep it competitive. This plan may cost up to $10 million.

The Company, in relation to the separation of Photowatt, has engaged independent advisors to assist in identifying and evaluating strategic alternatives. The Company has determined it does not meet all of the criteria to classify Photowatt as assets held for sale and its results as discontinued operations in its interim Consolidated Financial Statements as at September 26, 2010. As a result, these assets continue to be classified as held and used. As the form of separation is uncertain, adjustments to carrying value may result, and a write-down, if any, will be recorded in the period determined. Conditions in the solar and capital markets will be a consideration in the timing and form of separation.

CONSOLIDATED RESULTS FROM OPERATIONS
(In millions of dollars, except per share data)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
Revenues	**$ 162.0**	$ 148.2	**$ 313.2**	$ 300.9
Cost of revenues	**132.7**	117.3	**253.5**	249.9
Selling, general and administrative	**23.0**	20.7	**43.2**	39.5
Stock-based compensation	**0.8**	0.9	**1.3**	1.7
Earnings from operations	**$ 5.5**	$ 9.3	**$ 15.1**[1]	$ 9.8
Interest expense	**$ 0.6**	$ 0.6	**$ 1.1**	$ 1.1
Provision for income taxes	**1.6**	2.7	**4.3**	2.4
Net income	**$ 3.3**	$ 6.0	**$ 9.7**	$ 6.3
Earnings per share				
Basic and diluted	**$ 0.04**	$ 0.07	**$ 0.11**	$ 0.07

[1]Rounding

Revenues. At $162.0 million, second quarter consolidated revenues were 9% higher than a year ago. The increase in revenues resulted from a 21% increase in ASG revenues, partially offset by a 12% decrease in Photowatt Technologies revenues. Year-to-date revenues were $313.2 million or 4% higher than for the same period a year ago.

Cost of revenues. Second quarter cost of revenues increased on a consolidated basis by $15.4 million or 13% to $132.7 million. Consolidated gross margin as a percentage of revenues decreased to 18% in the second quarter of fiscal 2011 from 21% in the same period a year ago. The decrease in gross margins reflected a decline in profitability at both ASG and Photowatt. Consolidated year-to-date gross margin increased to 19% from 17% for the same period in the prior year.

Selling, general and administrative ("SG&A") expenses. For the second quarter of fiscal 2011, SG&A expenses increased 11% or $2.3 million to $23.0 million compared to the same period a year ago. Increased spending primarily reflected incremental SG&A expenses incurred in Sortimat and PWO, including $0.8 million of incremental amortization related to identifiable intangible assets recorded on the acquisition of Sortimat, and higher costs related to acquisition activities. SG&A expenses for the second quarter of fiscal 2011 included $0.1 million of Company-wide severance and restructuring costs compared to $1.6 million for the same period in the prior year.

For the six months ended September 26, 2010, SG&A expenses increased 9% or $3.7 million to $43.2 million compared to the same period a year ago. Increased spending primarily reflected incremental SG&A expenses incurred in Sortimat and PWO, including $1.1 million of incremental amortization related to identifiable intangible assets recorded on the acquisition of Sortimat, and higher costs related to acquisition activities. The increase in SG&A expenses has been partially offset by lower severance and restructuring costs of $0.3 million in fiscal 2011, compared to costs of $3.9 million for the corresponding six month period in fiscal 2010.

Stock-based compensation. For the three and six month periods ended September 26, 2010, stock-based compensation expense decreased to $0.8 million and $1.3 million respectively from $0.9 million and $1.7 million a year ago. The decrease primarily reflected the revaluation of deferred stock units.

The expense associated with the Company's performance-based stock options is recognized in income over the estimated assumed vesting period at the time the stock options are granted. Upon the Company's stock price trading at or above stock price performance thresholds for a specified minimum number of trading days within a fiscal quarter, the options vest. When the performance-based options vest, the Company is required to recognize all previously unrecognized expenses associated with the vested stock options in the period in which they vest.

As at September 26, 2010, the following expenses had not been recognized related to performance-based stock options:

Stock price performance threshold	Number of options outstanding	Grant date value per option	Weighted average remaining vesting period	Current year expense (in '000s)	Remaining expense to recognize (in '000s)
$ 8.41	266,667	2.11	0.8 years	$ 90	$ 92
8.50	889,333	1.41	2.4 years	127	540
9.49	41,667	1.66	4.4 years	6	50
10.41	266,667	2.11	2.2 years	62	239
10.50	889,333	1.41	3.3 years	108	643
11.08	218,667	2.77	1.5 years	76	211
12.41	266,666	2.11	3.2 years	51	294
13.08	218,667	2.77	2.5 years	62	285

Earnings from operations. For the three months ended September 26, 2010, consolidated earnings from operations were $5.5 million, compared to $9.3 million a year ago. Fiscal 2011 second quarter performance reflected: operating earnings of $14.5 million at ASG ($13.6 million a year ago); Photowatt Technologies operating loss of $2.6 million (operating earnings of $0.6 million a year ago); and, inter-segment eliminations and corporate expenses of $6.4 million ($4.9 million a year ago).

Year to date consolidated earnings from operations were $15.1 million, compared to earnings from operations of $9.8 million a year ago. Fiscal 2011 year-to-date performance reflected: operating earnings of $30.4 million at ASG ($28.4 million a year ago); Photowatt Technologies operating loss of $2.8 million (operating loss of $6.9 million a year ago); and, inter-segment elimination and corporate expenses of $12.5 million ($11.7 million a year ago).

Interest expense and interest income. Net interest expense was $0.6 million in the second quarter of fiscal 2011 compared to $0.6 million a year ago. For the six months ended September 26, 2010, the net interest expense was $1.1 million compared to $1.1 million in the corresponding period last year. The net interest expense was primarily related to credit facilities at Photowatt.

Provision for income taxes. In the three and six month periods ended September 26, 2010, the Company's effective income tax rate differed from the combined Canadian basic federal and provincial income tax rate of 31% (three and six months ended September 27, 2009 – 33%) primarily as a result of losses incurred in Europe, the benefit of which was not recognized for financial statement reporting purposes.

Net income. Second quarter fiscal 2011 net income was $3.3 million (4 cents per share basic and diluted) compared to net income of $6.0 million (7 cents per share basic and diluted) for the same period last year. Net income in the first six months ended September 26, 2010 was $9.7 million (11 cents per share basic and diluted) compared to net income of $6.3 million (7 cents per share basic and diluted) for the corresponding period a year ago.

Reconciliation of EBITDA to GAAP measures

(In millions of dollars)

	Three Months Ended Sept 26, 2010	Three Months Ended Sept 27, 2009	**Six Months Ended Sept 26, 2010**	Six Months Ended Sept 27, 2009
EBITDA				
Automation Systems	**$ 17.0**	$ 15.3	**$ 34.6**	$ 32.0
Photowatt Technologies	**0.9**	4.7	**4.0**	1.3
Corporate and inter-segment	**(6.2)**	(4.5)	**(12.0)**	(11.1)
Total EBITDA	**$ 11.7**	$ 15.5	**$ 26.6**	$ 22.2
Less: Depreciation and amortization expense				
Automation Systems	**$ 2.5**	$ 1.7	**$ 4.2**	$ 3.6
Photowatt Technologies	**3.5**	4.1	**6.8**	8.2
Corporate and inter-segment	**0.2**	0.4	**0.5**	0.6
Total depreciation and amortization expense	**$ 6.2**	$ 6.2	**$ 11.5**	$ 12.4
Earnings (loss) from operations				
Automation Systems	**$ 14.5**	$ 13.6	**$ 30.4**	$ 28.4
Photowatt Technologies	**(2.6)**	0.6	**(2.8)**	(6.9)
Corporate and inter-segment	**(6.4)**	(4.9)	**(12.5)**	(11.7)
Total earnings from operations	**$ 5.5**	$ 9.3	**$ 15.1**	$ 9.8
Less:				
Interest expense	**$ 0.6**	$ 0.6	**$ 1.1**	$ 1.1
Provision for income taxes	**1.6**	2.7	**4.3**	2.4
Net income	**$ 3.3**	$ 6.0	**$ 9.7**	$ 6.3

FOREIGN EXCHANGE

Strengthening in the value of the Canadian dollar relative to the U.S. dollar and the Euro had a negative foreign exchange translation impact on the Company's revenues and operating earnings in the first and second quarters of fiscal 2011 compared to the same periods of fiscal 2010. ATS follows a transaction hedging program to help mitigate the impact of short-term foreign currency movements. This hedging activity consists primarily of forward foreign exchange contracts used to manage foreign currency exposure. Purchasing third-party goods and services in U.S. dollars by Canadian operations also acts as a partial offset to U.S. dollar exposure. The Company's forward foreign exchange contract hedging program is intended to mitigate movements in currency rates primarily over a four-to-six-month period. See note 12 to the interim consolidated financial statements for details on the derivative financial instruments outstanding at September 26, 2010.

Period Average Market Exchange Rates in CDN$

	Three months ended		**Six months ended**	
	Sept 26, 2010	Sept 27, 2009	**Sept 26, 2010**	Sept 27, 2009
US $	**1.0403**	1.0987	**1.0340**	1.1324
Euro	**1.3381**	1.5702	**1.3226**	1.5791

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

At September 26, 2010, the Company had cash and cash equivalents of $148.5 million compared to $211.8 million at March 31, 2010. In the three and six months ended September 26, 2010, cash flows provided by operating activities were $11.5 million and $17.4 million, respectively, compared to cash flows provided by operating activities of $19.7 million and $6.0 million over the same periods in fiscal 2010. The Company's total debt to total equity ratio at September 26, 2010 was 0.1:1. At September 26, 2010, the Company had $76.5 million of unutilized credit available under existing operating and long-term credit facilities and a further $21.2 million available under letter of credit facilities.

In the second quarter of fiscal 2011, the Company's investment in non-cash working capital decreased by $1.1 million. On a year-to-date basis, investment in non-cash working capital increased by $6.8 million or 8%. In the first half of the year, consolidated accounts receivable increased 24% or $20.4 million, primarily at ASG due to increased revenues in the first two quarters of fiscal 2011. The acquisition of Sortimat also increased the Company's accounts receivable balance at September 26, 2010. Net contracts in progress decreased by 55% or $7.0 million compared to March 31, 2010. The Company actively manages its accounts receivable and net construction-in-process balances through billing terms on long-term contracts and by focusing on improving collection efforts. Inventories increased by 20% or $15.9 million compared to March 31, 2010. Deposits and prepaid assets have remained consistent compared to March 31, 2010 due to a reduction in the fair value of forward foreign exchange contracts, offset by a an increase in restricted cash being used to secure bank guarantees. Accounts payable increased 19% on higher purchases and the assumption of Sortimat's accounts payable and accrued liabilities.

Year-to-date property, plant and equipment purchases totalled $14.3 million. Expenditures at Photowatt, totalling $8.1 million, were used for production equipment and facility improvements, primarily at PWO. Total ASG and Corporate capital expenditures were $6.2 million, primarily related to the purchase of a new building in the U.S.A.

The Company's primary credit facility (the "Credit Agreement") provides total credit facilities of up to $85 million, comprised of an operating credit facility of $65 million and a letter of credit facility of up to $20 million for certain purposes. The operating credit facility is subject to restrictions regarding the extent to which the outstanding funds advanced under the facility can be used to fund certain subsidiaries of the Company. The Credit Agreement, which is secured by the assets, including real estate, of the Company's North American legal entities and a pledge of shares and guarantees from certain of the Company's legal entities, is repayable in full on April 30, 2011.

The operating credit facility is available in Canadian dollars by way of prime rate advances, letter of credit for certain purposes and/or bankers' acceptances and in U.S. dollars by way of base rate advances and/or LIBOR advances. The interest rates applicable to the operating credit facility are determined based on certain financial ratios. For prime rate advances and base rate advances, the interest rate is equal to the bank's prime rate or the bank's U.S. dollar base rate in Canada, respectively, plus 1.25% to 2.25%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or the LIBOR, respectively, plus 2.25% to 3.25%.

Under the Credit Agreement, the Company pays a standby fee on the un-advanced portions of the amounts available for advance or draw-down under the credit facilities at rates ranging from 0.675% to 0.975% per annum, as determined based on certain financial ratios.

The Credit Agreement is subject to debt leverage tests, a current ratio test, and a cumulative EBITDA test. Under the terms of the Credit Agreement, the Company is restricted from encumbering any assets with certain permitted exceptions. The Credit Agreement also partially restricts the Company from repurchasing its common shares, paying dividends and from acquiring and disposing of certain assets. The Company is in compliance with these covenants and restrictions.

As of September 26, 2010, there was no amount borrowed under the Company's primary credit facility (March 31, 2010 - $nil).

The Company's subsidiary, Photowatt International S.A.S. has credit facilities including capital lease obligations of $56.7 million (41.0 million Euros). The total amount outstanding on these facilities is $50.6 million (March 31, 2010 - $55.9 million), of which $21.2 is classified as bank indebtedness (March 31, 2010 - $26.0 million), $6.1 is classified as long-term debt (March 31, 2010 - $7.7 million) and $23.4 million is classified as obligations under capital lease (2010 - $22.3 million). The interest rates applicable to the credit facilities range from Euribor plus 0.5% to Euribor plus 1.8% and 4.9% per annum. Certain of the credit facilities are secured by certain assets of Photowatt International S.A.S. and a commitment to restrict payments to the Company and are subject to debt leverage tests. The credit facilities which are classified as current bank indebtedness, are subject to either annual renewal or 60 day notification. At September 26, 2010, Photowatt

International S.A.S. was not in compliance with the debt leverage tests on certain of its credit facilities. As of September 26, 2010, the lenders had not waived their right to demand repayment of the outstanding principal balances and consequently the entire balance of $6.1 million (4.4 million Euros) was included in the current portion of long-term debt. The non-compliance was rectified subsequent to the quarter end as part of a new term credit facility agreed to with the lenders.

The new term credit facility is for $20.8 million (15.0 million Euro) and was established by Photowatt International S.A.S. and its lenders in October 2010. The new credit facility, which will be classified as long-term debt was used to repay pre-existing credit facilities of $6.1 million (4.4 million Euro) for which it was previously in violation of the debt leverage tests, and to replace a credit facility classified as bank indebtedness in the amount of $11.1 million (8.0 million Euro). The interest rate applicable to the new credit facility is Euribor plus 3.35% and the facility has a term of four years.

The Company has additional credit facilities of $16.2 million (9.7 million Euro, 31.7 million Indian Rupee and 2.0 million Swiss Francs). The total amount outstanding on these facilities is $6.1 million (March 31, 2010 - $nil), of which $2.3 million is classified as bank indebtedness and $3.8 million is classified as long-term debt. The interest rates applicable to the credit facilities range from 0.0% to 8.5% per annum. A portion of the long-term debt is secured by certain assets of the Company and a portion of the 2.0 million Swiss Francs credit facility is secured by a letter of credit under the primary credit facility.

The Company expects that continued cash flows from operations, together with cash and short-term investments on hand and credit available under operating and long-term credit facilities to be sufficient to fund its requirements for investments in working capital and capital assets, which are listed under the heading Contractual Obligations, and to fund strategic investment plans including potential acquisitions. In order to finance development activities at PWO, the Company intends to arrange for bridge financing and third-party project ownership.

During the first two quarters of fiscal 2011, 2,900 stock options were exercised. As of November 2, 2010 the total number of common shares outstanding was 87,281,055.

Contractual Obligations

Information on the Company's lease and contractual obligations is detailed in the Consolidated Annual Financial Statements and MD&A for the year ended March 31, 2010 found at www.sedar.com. The Company' off-balance sheet arrangements consist of purchase obligations, various operating lease financing arrangements related primarily to facilities and equipment, and derivative financial instruments which have been entered into in the normal course of business.

There are no other significant off-balance sheet arrangements that management believes will have a material effect on the results of operations or liquidity.

In accordance with industry practice, the Company is liable to the customer for obligations relating to contract completion and timely delivery. In the normal conduct of its operations, the Company may provide bank guarantees as security for advances received from customers pending delivery and contract performance. In addition, the Company may provide bank guarantees as security on equipment under lease and on order. As of September 26, 2010, the total value of outstanding bank guarantees available under bank guarantee facilities was approximately $41.2 million (March 31, 2010 – $11.9 million).

Consolidated Quarterly Results

($ in thousands, except per share amounts)	**Q2 2011**	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Revenues	**$ 162,046**	$ 151,114	$ 138,774	$ 138,133	$ 148,169	$ 152,701	$ 201,774	$ 221,739
Earnings (loss) from operations	**$ 5,481**	$ 9,655	$ (25,994)	$ 7,756	$ 9,305	$ 502	$ 17,743	$ 18,472
Net income from continuing operations	**$ 3,251**	$ 6,438	$ 2,084	$ 3,742	$ 6,012	$ 325	$ 14,041	$ 15,814
Net income	**$ 3,251**	$ 6,438	$ 2,084	$ 3,742	$ 6,012	$ 325	$ 13,506	$ 12,316
Basic earnings per share from continuing operations	**$ 0.04**	$ 0.07	$ 0.03	$ 0.04	$ 0.07	$ 0.00	$ 0.17	$ 0.20
Diluted earnings per share from continuing operations	**$ 0.04**	$ 0.07	$ 0.03	$ 0.04	$ 0.07	$ 0.00	$ 0.16	$ 0.20
Basic earnings per share	**$ 0.04**	$ 0.07	$ 0.03	$ 0.04	$ 0.07	$ 0.00	$ 0.16	$ 0.16
Diluted earnings per share	**$ 0.04**	$ 0.07	$ 0.03	$ 0.04	$ 0.07	$ 0.00	$ 0.15	$ 0.16
ASG Order Bookings	**$ 105,000**	$ 85,000	$ 105,000	$ 92,000	$ 71,000	$ 96,000	$ 126,000	$ 157,000
ASG Order Backlog	**$ 208,000**	$ 215,000	$ 209,000	$ 203,000	$ 197,000	$ 230,000	$ 255,000	$ 282,000

Interim financial results are not necessarily indicative of annual or longer-term results because many of the individual markets served by the Company tend to be cyclical in nature. General economic trends, product life cycles and product changes may impact ASG order bookings, Photowatt sales volumes, and the Company's earnings in its markets. ATS typically experiences some seasonality with its revenues and earnings due to summer plant shutdown at PWF. In Photowatt, slower sales may occur in the winter months, when the weather may impair the ability to install its products in certain geographical areas.

ACCOUNTING CHANGES

Accrued Pension Obligation

In the first quarter of fiscal 2011, it was determined that a pension obligation that was assumed in 1998 should have been previously recognized. The arrangement has been recorded with an adjustment to decrease retained earnings as of April 1, 2009 by $2 million (net of tax of nil) with a corresponding increase in accounts payable and accrued liabilities. This adjustment had no material impact on reported earnings, cash flows or earnings per share in prior periods reported.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The CICA's Accounting Standards Board has announced that Canadian publicly-accountable enterprises will adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective January 1, 2011. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies and additional required disclosures will need to be addressed. This change is effective for the Company for interim and annual financial statements beginning April 1, 2011. The first financial statements to be presented on an IFRS basis will be for the quarter ended June 26, 2011 (first quarter of fiscal 2012). At that time, comparative data will be presented on an IFRS basis, including an opening balance sheet as at April 1, 2010.

The Company commenced its IFRS conversion project in fiscal 2009. The project consists of four phases: diagnostic; design and planning; solution development; and implementation. The diagnostic phase was completed in fiscal 2009 with the assistance of external advisors. This work involved a high-level review of the major differences between current Canadian GAAP and IFRS and a preliminary assessment of the impact of those differences on the Company's accounting and financial reporting, systems and other business processes.

The Company's IFRS conversion project is progressing according to plan. The Company is currently in the implementation phase and has completed a detailed review of all relevant IFRS standards and the identification of information gaps and necessary changes in reporting, internal controls over financial reporting, processes and systems.

The Company is continuing to monitor standards to be issued by the IASB. Pending completion of some of these projects by the IASB, and until the Company's accounting policy choices are finalized and approved, the Company will be unable to quantify the impact of IFRS on its Consolidated Financial Statements.

The Company has assessed the effect of adoption of IFRS and the resulting changes in accounting policies based on IFRS standards expected to be in effect at the transition date. Significant accounting policy changes have been identified below. The list is based on significant accounting policies based on work completed to date and should not be considered an exhaustive list of all IFRS accounting policies.

Property, Plant and Equipment

IFRS has more specific guidance than Canadian GAAP on the capitalization and componentization of assets, requiring that significant asset components with different useful lives than the main asset be recorded and depreciated separately. As a result of this difference, the Company has determined that certain assets should have separately capitalized components under IFRS. The Company is currently evaluating the impact of this change in accounting policies under IFRS and the transitional impact is not known at this time.

Revenue recognition

IFRS requires revenue on projects which meet the definition of a construction contract to be measured on a Percentage of Completion basis. The Company has identified certain contracts which meet the definition of construction contracts for which revenue is currently recognized upon shipment and transfer of title. The transitional impact of this change is expected to result in an increase in net equity as of April 1, 2010.

Share based payments

Under IFRS, when share options or other equity instruments vest in installments over the vesting period, referred to as "graded vesting", each installment should be treated as a separate share option grant. Canadian GAAP permits the recognition of compensation expense on a straight line basis over the vesting period. In addition, under Canadian GAAP, forfeitures of share options are recognized as they occur, whereas, under IFRS, the Company is required to estimate the number of awards expected to vest, and revise that estimate if subsequent information indicates that actual forfeitures are likely to differ from the estimates. The transitional impact of this change is expected to result in an increase in contributed surplus and a decrease in retained earnings as of April 1, 2010.

Impairment of long-lived assets

Impairment testing of property, plant and equipment under Canadian GAAP is based on a two-step approach when circumstances indicate the carrying value may not be recoverable. IFRS requires a one-step impairment test for identifying and measuring impairment. This test requires a comparison of the asset's carrying value to the higher of its value in use or fair value less costs to sell. In addition, IFRS requires, under certain circumstances, the reversal of previous impairments which is not allowed under current Canadian GAAP.

IFRS tests asset groups for impairment at the independent cash generating unit. ("CGU") level based on the generation of cash inflows. IFRS has guidelines surrounding the highest asset group that goodwill can be allocated for impairment testing purposes.

On transition, the Company does not expect any changes to the results of its impairment tests previously performed under Canadian GAAP.

Income taxes

Changes in accounting policies under IFRS may impact the corresponding deferred tax asset or deferred tax liability account. Under IFRS, the income tax consequences of a transaction recorded in other comprehensive income or directly in equity in previous periods must be recorded in other comprehensive income or equity (i.e. backward tracing). Canadian GAAP requires all subsequent changes in deferred income taxes to be recorded through earnings. The Company is currently evaluating the impact of changes in accounting policies under IFRS and the corresponding income tax consequences are not known at this time.

Investment tax credits

Under Canadian GAAP, investment tax credits are accounted for using a cost reduction approach whereby benefits are recognized in income on the same basis as the related expenditures are charged to income. IFRS requires that qualifying investment tax credit benefits be recognized as a reduction of income tax expense, either current or deferred depending on the timing of the benefit. The Company anticipates that this change will reduce the Company's earnings (loss) from operatings and EBITDA, and reduce income tax expenses, however no impact on net income is expected.

First time adoption of IFRS

IFRS 1 "First-time Adoption of international Financial Reporting Standards" provides guidance for an entity's initial year of IFRS adoption. IFRS requires retrospective application of all IFRS standards at the reporting date, with the exception of optional exemptions and certain mandatory exemptions. The most significant IFRS 1 optional exemptions that the Company expects to apply in its opening IFRS Balance Sheet are summarized below.

Cumulative Translation Differences

Under IFRS 1, the Company will elect not to retrospectively calculate its cumulative translation balances, and all of these balances will be reset to zero on the transition date. The transitional impact of this adjustment will increase accumulated other comprehensive income and decrease retained earnings as of April 1, 2010.

Business Combinations

The company expects to apply IFRS 3, "Business combinations" prospectively from the date of transition to IFRS to business combinations which occur after the date of transition. IFRS 3 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Most significantly, IFRS 3 requires directly attributable transaction costs to be expensed rather than included in the acquisition purchase price; the measurement of contingent consideration at fair value on the acquisition date, with subsequent changes in the fair value recorded through the income statements; and that upon gaining control in a step acquistion, an entity re-measures its existing ownership interest to fair value through the income statement. The transitional impact of this change is expected to result in a decrease to the carrying value of current assets and a decrease in retained earnings as of April 1, 2010. Future business combinations completed after April 1, 2010, are expected to have a greater impact on net income.

Fair Value as Deemed Costs

The Company expects to elect to report certain items of Property, Plant and Equipment and/or Investment Property assets in its opening balance sheet at deemed costs instead of actual costs that would have been determined under IFRS standards. The deemed costs of an item may be either its fair value at the date of transition to IFRS or an amount determined by a previous revaluation under Canadian GAAP. This exemption can be applied on an asset-by-asset basis and the Company is currently evaluating individual assets for which the election may apply. The transitional impact on the Company's balance sheet as of April 1, 2010 is not currently known as the assessment is currently in progress.

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company. The control framework used in the design of disclosure controls and procedures and internal control over financial reporting is the internal control integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met.

During the three months ended September 26, 2010, other than as noted below, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

ATS acquired the Sortimat Group on June 1, 2010. Management has not yet assessed the design or operating effectiveness of Sortimat's disclosure controls and procedures and the procedures and internal controls over financial reporting.

Note to Readers: Forward-Looking Statements

This management's discussion and analysis of financial conditions, and results of operations of ATS contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of ATS, or developments in ATS's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things: integration of Sortimat into the Company's ASG segment; strategy of expanding the Company's position in the global automation market and enhancing growth opportunities; benefits that will accrue from Sortimat's significant experience and products in advanced system development, manufacturing, handling, and feeder technologies; objective to grow the Company's exposure to life sciences market segment; deployment of people to apply best practices, command and control, and program management and to advance approach to market to implement the Sortimat integration and effect margin improvements; business investment and capital spending by customers; volatility of economic environment; ASG customers continuing to push-out spending and delay investment decisions; volatility in Order Bookings; pressure on revenue; signs of strengthening in the global economy and some of the Company's markets; increased capital spending will continue to lag the general economic recovery; expectation that low volumes and revenues will continue to present challenges to maintaining margins at current levels; strategic initiatives to improve leadership, business processes and supply chain management; additional initiatives to reduce operating costs during the third quarter of fiscal 2011; expectation that ASG operating margins will be negatively impacted until Sortimat is fully integrated; belief that the Company's strong balance sheet, approach to market and operational improvements will provide a solid foundation for ASG to improve performance when the general business environment stabilizes and returns to growth; the Company's strong financial position providing ASG with the flexibility to pursue its growth strategy; plans to expand the Company's position in the global automation market organically and through acquisition; review of opportunities, active discussions, and due diligence with respect to certain opportunities; dependence of solar power on the existence of government incentives; anticipated further reductions in feed-in- tariffs and expectation that this will have a negative impact on average selling prices per watt; expectation that increased industry capacity will further negatively impact average selling prices per watt; volatility in orders caused by reductions in feed-in tariffs; visibility into Photowatt's mid and long-term pipeline; PWF securing sales for a significant portion of its capacity for the third quarter of fiscal 2011; PWO securing conditional feed-in tariff approvals totaling approximately 64 MWs related to applications made by OSPV; utilization by OSPV of a range of solar solutions including modules manufactured by ATS in Cambridge, Canada; OSPV joint venture and other approvals; OSPV's efforts to arrange financing and ultimate project ownership; PWO agreements with developers in the process of securing conditional feed-in tariff approvals for a number of projects; expectation that PWO will provide modules and other related services to these projects; timing of start of production and ramp up to full production from 100 MW module line; downstream alternatives to create an additional market for Photowatt's products; expectation that improvements in cell efficiency, manufacturing yields and throughput will continue to reduce Photowatt's direct manufacturing costs-per-watt; plan to reduce Photowatt's cost structure to keep it competitive and cost thereof; identifying and evaluating alternatives with respect to separating Photowatt; foreign exchange hedging; expectation that continued cash flows from operations, together with cash and short-term investments on hand and credit available under operating and long-term credit facilities, will be sufficient to fund requirements for investments; seasonality of revenues; and the introduction, evaluation and adoption of new accounting policies and standards and impacts thereof. The risks and uncertainties that may affect forward-looking statements include, among others: general market performance including capital market conditions and availability and cost of credit; economic market conditions; impact of factors such as increased pricing pressure and possible margin compression; foreign currency and exchange risk; the relative strength of the Canadian dollar; performance of the market sectors that ATS serves; the ability of ATS to exploit and realize upon the benefits from Sortimat experience and products; potential lack of receptivity of customers, suppliers, employees, and market to Sortimat integration efforts; that deployment of people to Sortimat to apply best practices, command and control and project management do not effect margin improvements or have other intended benefits; that one or more customers, or other persons with which the Company has contracted, experience insolvency or bankruptcy with resulting costs or losses to the Company; that the Company's strong balance sheet, approach to market, planned operational improvements, objectives and strategic initiatives will not be achieved and/or have the intended positive impacts on ASG operations; that additional cost saving measures will cost more, or take longer to implement, than planned; inability to successfully expand organically or through acquisition, due to an inability to grow expertise, personnel, and/or facilities at required rates or to negotiate and conclude one or more acquisitions, notwithstanding the Company's strong financial position; near-term performance of Photowatt impact on separation efforts; ability to execute on Photowatt separation initiative in current market environment; that the sale by PWF of a significant portion of its capacity for the third quarter of 2010 is reversed in whole or in part due to a customer termination or other factors; that Photowatt's downstream market initiatives are not successful; the potential for the start of production and/or ramp up to full production of the 100 MW module line will be hindered or delayed to due to an inability to procure necessary permits, approvals, materials or equipment on a timely basis; ability of ATS and OSPV to acquire the needed expertise and financing necessary to effectively develop Ontario solar projects; the financial attractiveness of, and demand for, those solar projects; the success of developers with whom ATS has signed agreements in obtaining FIT contracts and ultimately developing the projects; that improvements to cell efficiency, manufacturing yields and throughput do not come to fruition due to research or operational failures and anticipated competitive advantages are not realized; that the planned cost reductions at Photowatt are delayed, or cost more than anticipated; that cash flows, cash and cash equivalents on hand, and available credit are not sufficient to fund investments because of reversals in the Company's cash or short term investment position, or the size or nature of investments to be made; the availability and possible reduction or elimination of government subsidies and incentives for solar products in various jurisdictions; ability to obtain necessary government and other certifications and approvals for solar projects in a timely fashion; political, labour or supplier disruptions in manufacturing and supply of silicon; the development of superior or alternative technologies to those developed by ATS; the success of competitors with greater capital and resources in exploiting their technology; market risk for developing technologies; risks relating to legal proceedings to which ATS is or may becomes a party; exposure to product liability claims of Photowatt; risks associated with greater than anticipated tax liabilities or expenses; potential for adoption of new accounting policies to have unanticipated impacts; and other risks detailed from time to time in ATS's filings with Canadian provincial securities regulators. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

November 2, 2010