

**Cross, Inc.**  
**Reconciliation of GAAP Measures to Non-GAAP Measures**  
(In thousands, except share and per share data)  
(Unaudited)

The Company prepares and reports its financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). Internally, management monitors the operating performance of its business using non-GAAP metrics similar to those below. These non-GAAP measures exclude the effects of foreign exchange rate loss, restructuring activities, inventory write-down, asset impairment charges and unusual gross profit on impaired inventory sales. In management's opinion, these non-GAAP measures are important indicators of the continuing operations of our business and provide better comparability between reporting periods because they exclude items that may not be indicative of current period results and provide a better baseline for analyzing trends in our operations. The Company does not, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. The Company believes the disclosure of the effects of these items increases the reader's understanding of the underlying performance of the business and that such non-GAAP financial measures provide investors with an additional financial results and assess our prospects for future performance.

**Non-GAAP Reconciliations**

	<u>3 months ended</u> <u>June 30, 2009</u>	
GAAP gross profit	101,112	
Net gross profit effect of sales of previously impaired units	(25,259) (1)	
Restructuring charges reflected in cost of sales	5,266 (2)	
Additional stock-based compensation expense related to tender offer reflected in cost of sales	3,056 (3)	
Non-GAAP gross profit	<u>84,175</u>	
	<u>3 months ended</u> <u>June 30, 2009</u>	<u>3 months ended</u> <u>June 30, 2008</u>
GAAP selling, general and administrative expense	90,983	89,857
Additional stock-based compensation expense related to tender offer reflected in selling, general and administrative expense	13,261 (3)	-
Foreign currency (gain)/loss	(3,623) (4)	(1,099)
Non-GAAP selling, general and administrative expense	<u>81,345</u>	<u>90,956</u>
	<u>3 months ended</u> <u>June 30, 2009</u>	<u>3 months ended</u> <u>June 30, 2008</u>
GAAP loss before income taxes	(22,714)	(3,854)
Net gross profit effect of sales of previously impaired units	(25,259) (1)	-
Additional stock-based compensation expense related to tender offer	16,317 (3)	-
Foreign currency (gain)/loss, net of tax	(3,623) (4)	(1,099)
Restructuring charges	11,181 (2)	1,372
Asset impairment	23,655 (5)	2,903
Charitable contributions expense	5,078 (5)	70
Gain on charitable contributions	(2,024) (5)	-
Non-GAAP net income (loss) before income taxes	<u>2,611</u>	<u>(608)</u>
Tax expense	7,567 (6)	(5,986)
Non-GAAP net (loss) income	<u>(4,956)</u>	<u>5,378</u>
Non-GAAP net (loss) income per diluted share	<u>\$ (0.06)</u>	<u>\$ 0.06</u>

(1) This pro forma adjustment in the GAAP to Non-GAAP reconciliations above represents the gross profit realized on sales of impaired units at selling prices much higher than our previously estimated net realizable value for those units. Because the amount presented is accretive to our gross profit percentage during the quarter ended June 30, 2009 and represents a substantial change to our previous estimate, management believes that exclusion of the gross profit on these sales in evaluating our results of operations provides important information for the reader of our financial statements as such changes in estimates are not anticipated to be recurring to the extent or magnitude they occurred during the quarter.

(2) This proforma adjustment in the GAAP to Non-GAAP reconciliations above represents non-recurring restructuring charges. Of the \$11.2 million in total Q2 2009 restructuring charges, \$5.3 million was reflected in cost of sales and \$5.9 million was reflected in its own line item in the calculation of Q2 2009 operating loss.

(3) This proforma adjustment in the GAAP to Non-GAAP reconciliations above represents additional stock-based compensation expense incurred as a result of the acceleration of tendered options from the Q2 2009 tender offer. The total Q2 2009 additional expense incurred as a result of the tender offer was \$16.3 million, of which \$3.0 million was reflected in cost of sales and \$13.3 million was reflected in selling, general and administrative expense.

(4) The proforma adjustments in this GAAP to Non-GAAP reconciliation represent the add-back of GAAP charges taken in connection with our quarter foreign currency exchange rate loss reflected in selling, general and administrative expense.

(5) The proforma adjustments in this GAAP to Non-GAAP reconciliation represent the add-back of GAAP charges taken in connection with our quarter asset impairment charges as well as the expense and related gain on charitable contributions during the quarter.

(6) Represents GAAP-based tax expense in the quarter. Because total tax expense in the quarter related only to those jurisdictions where the Company made money as well as taxes on royalty payments, the assumed tax rate on the pro-forma adjustments above is zero.