

CTS CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) - UNAUDITED TO CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS - AS ADJUSTED (UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended			Three Months Ended			Six Months Ended			Six Months Ended		
	June 28 2009 (GAAP)	Adjustments	Note	June 28 2009 Adjusted	June 28 2009 (GAAP)	Adjustments	Note	June 28 2009 Adjusted	June 28 2009 (GAAP)	Adjustments	Note	June 28 2009 Adjusted
Net sales	\$ 120,398			\$ 120,398	\$ 238,529			\$ 238,529	\$ 238,529			\$ 238,529
Costs and expenses:												
Cost of goods sold	98,520			98,520	196,822			196,822	196,822			196,822
Selling, general and administrative expenses	15,243			15,243	31,863			31,863	31,863			31,863
Research and development expenses	3,466			3,466	6,819			6,819	6,819			6,819
Restructuring and impairment charges	-			-	2,243	(2,243)	A	-	-			-
Goodwill Impairment	-			-	33,153	(33,153)	B	-	-			-
Operating (loss) / earnings	3,169	-		3,169	(32,371)	35,396		3,025	(32,371)	35,396		3,025
Other (expense) / income:												
Interest expense	(471)			(471)	(1,359)			(1,359)	(1,359)			(1,359)
Other	6			6	(245)			(245)	(245)			(245)
Total other expense	(465)			(465)	(1,604)			(1,604)	(1,604)			(1,604)
(Loss) / earnings before income taxes	2,704	-		2,704	(33,975)			(33,975)	(33,975)			(33,975)
Income tax (benefit) / expense	9,729	(9,077)	C	652	8,699	(8,199)	D	500	8,699	(8,199)	D	500
Net (loss) / earnings	\$ (7,025)	\$ 9,077		\$ 2,052	\$ (42,674)	\$ 43,595		\$ 921	\$ (42,674)	\$ 43,595		\$ 921
Net (loss) / earnings per share:												
Basic	\$ (0.21)	\$ 0.27		\$ 0.06	\$ (1.26)	\$ 1.29		\$ 0.03	\$ (1.26)	\$ 1.29		\$ 0.03
Diluted	\$ (0.21)	\$ 0.27		\$ 0.06	\$ (1.26)	\$ 1.29		\$ 0.03	\$ (1.26)	\$ 1.29		\$ 0.03
Cash dividends declared per share	\$ 0.03			\$ 0.03	\$ 0.06			\$ 0.06	\$ 0.06			\$ 0.06
Average common shares outstanding:												
Basic	33,779			33,779	33,762			33,762	33,762			33,762
Diluted	33,779			33,779	33,762			33,762	33,762			33,762

Notes:

- A.** This adjustment pertains to restructuring charges that occurred in the first quarter of 2009 as a result of a company-wide restructuring plan.
- B.** This adjustment pertains to the impairment of the carrying value of goodwill.
- C.** This adjustment pertains to deferred tax expense recorded as a result of a one-time cash repatriation event.
- D.** The following table presents the tax components related to Notes A, B and C above:

Tax benefit related to first quarter restructuring charges	\$ 673
Tax benefit related to first quarter goodwill impairment charges	205
Tax expense related to one-time cash repatriation event	(9,077)
	<u>\$ (8,199)</u>