

**CTS CORPORATION AND SUBSIDIARIES**  
**OTHER SUPPLEMENTAL INFORMATION**

**Reconciliation of GAAP Net (Loss) to Adjusted Net Earnings**

The following table reconciles GAAP net (loss) to adjusted earnings for the Company:

<i>\$ In Thousands</i>	<u>Three Months Ended</u> June 28, 2009
GAAP net (loss)	\$ (7,025)
Adjustments:	
Tax expense due to cash repatriation	9,077
Restructuring charge (net-of-tax)	-
Goodwill impairment (net-of-tax)	-
Adjusted net earnings	<u>\$ 2,052</u>

Adjusted net earnings is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net earnings/(loss). CTS calculates adjusted net earnings to exclude the impact of tax expense associated with CTS' cash repatriation. CTS excludes the impact of this item because it has a significant impact on comparable GAAP financial measures and could distort an evaluation of CTS' normal operating performance. CTS uses the adjusted net earnings measure to evaluate overall performance, establish plans and perform strategic analysis. Using an adjusted net earnings measure avoids distortion in the evaluation of operating results by eliminating the impact of events which are not related to normal operating performance. Because the adjusted net earnings measure is based on the exclusion of a specific item, it may not be comparable to measures used by other companies which have similar titles. CTS management compensates for this limitation when performing peer comparisons by evaluating both GAAP and non-GAAP financial measures reported by peer companies. CTS believes that the adjusted net earnings measure is useful to its management, investors and stakeholders in that it:

- provides a truer measure of CTS' operating performance;
- reflects the results used by management in making decisions about the business; and
- helps review and project CTS' performance over time.

CTS recommends that investors consider both GAAP and adjusted net earnings measures in evaluating the performance of CTS with peer companies.

**Reconciliation of GAAP (Loss) Per Share to Adjusted Earnings Per Share**

The following table reconciles GAAP (loss) per share to adjusted earnings per share for the Company:

	<u>Three Months Ended</u> June 28, 2009
GAAP net (loss) per share	\$ (0.21)
Tax affected charges to reported diluted loss per share:	
Tax expense due to cash repatriation	0.27
Restructuring charge	
Goodwill impairment	
Adjusted earnings per share	<u>\$ 0.06</u>

Adjusted earnings per share is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net earnings/(loss) per share. CTS calculates adjusted earnings per share to exclude the impact of tax expense associated with CTS' cash repatriation. CTS excludes the impact of this item because it has a significant impact on comparable GAAP financial measures and could distort an evaluation of CTS' normal operating performance. CTS uses the adjusted earnings per share measure to evaluate overall performance, establish plans and perform strategic analysis. Using an adjusted earnings per share measure avoids distortion in the evaluation of operating results by eliminating the impact of events which are not related to normal operating performance. Because the adjusted earnings per share measure is based on the exclusion of a specific item, it may not be comparable to measures used by other companies which have similar titles. CTS management compensates for this limitation when performing peer comparisons by evaluating both GAAP and non-GAAP financial measures reported by peer companies. CTS believes that the adjusted earnings per share measure is useful to its management, investors and stakeholders in that it:

- provides a truer measure of CTS' operating performance;
- reflects the results used by management in making decisions about the business; and
- helps review and project CTS' performance over time.

CTS recommends that investors consider both GAAP and adjusted earnings per share measures in evaluating the performance of CTS with peer companies.

## Reconciliation of GAAP Sales for EMS segment to Sales excluding Hewlett-Packard ("HP") for EMS Segment

The following table reconciles GAAP sales for EMS segment to sales excluding HP for EMS Segment:

\$ In Thousands	Three Months Ended	Three Months Ended	Net Increase/(Decrease)
	July 4, 2010	June 28, 2009	
GAAP sales for EMS Segment	\$ 66,624	\$ 70,807	
HP sales	199	6,023	
Sales excluding HP for EMS Segment	<u>\$ 66,425</u>	<u>\$ 64,784</u>	\$ 1,641
Percentage increase of Sales for EMS Segment without HP			3%

Sales excluding Hewlett-Packard ("HP") is a non-GAAP financial measure. The most directly comparable GAAP financial measure is sales. CTS calculates sales excluding HP to exclude the impact of sales to HP because the products associated with such sales has reached end-of-life. End-of-life typically means that the product is no longer required by the customer due to a design change or technological advancement and therefore the sales volume decreases over a specified period of time. CTS excludes the impact of this item because it has a significant impact on comparable GAAP financial measures and could distort an evaluation of CTS' normal operating performance. CTS uses the sales without HP measure to evaluate overall performance, establish plans and perform strategic analysis. Using the sales without HP measure avoids distortion in the evaluation of operating results by eliminating the impact of events which are not related to normal operating performance. Because the sales without HP measure is based on the exclusion of a specific item, it may not be comparable to measures used by other companies which have similar titles. CTS management compensates for this limitation when performing peer comparisons by evaluating both GAAP and non-GAAP financial measures reported by peer companies. CTS believes that the sales without HP measure is useful to its management, investors and stakeholders in that it:

- provides a truer measure of CTS' operating performance;
- reflects the results used by management in making decisions about the business; and
- helps review and project CTS' performance over time.

### Segment Operating Earnings/(Loss)

Segment operating earnings/(loss) is a non-GAAP financial measure outside the context of the Accounting Standards Codification ("ASC") 280 required reconciliation in the notes to the Company's financial statements. The most comparable GAAP term is operating earnings/(loss). Segment operating earnings/(loss) always exclude the effects of charges for restructuring and goodwill impairment when they are incurred by the Company. Segment operating earnings/(loss) exclude interest expense, and other non-operating income and income taxes according to how a particular segment is measured. CTS' management provides the segment operating earnings/(loss) measure to provide consistency between segment information in its earnings release and the business segment discussion in the notes to its financial statements.