



October 29, 2007

Dear Buncombe County Commissioner:

The purpose of this letter is to provide you with the facts regarding the Removal Action that is currently underway at the nine-acre site on Mills Gap Road in Buncombe County. Once you are aware of the facts regarding this matter, it will be evident to you that CTS has fully cooperated with Federal and State governmental agencies and has devoted significant resources to the Removal Action at the Mills Gap Road site (the "Site").

As you know, CTS Corporation ("CTS") once owned property on Mills Gap Road in Skyland, Buncombe County, where it operated a manufacturing plant (formerly known as CTS of Asheville, Inc.) for approximately twenty-five years. Prior to CTS' purchase of the property, International Resistance Corporation owned the property and also operated a manufacturing plant there.

In 1987, CTS sold the property to Mills Gap Road Associates, a North Carolina general partnership based in Asheville. Mills Gap Road Associates subsequently sold the majority of the property, but it remains the owner of the area where the former plant building is located.

In early 2002, the United States Environmental Protection Agency, Region 4 (U.S. EPA) contacted CTS about the Mills Gap Road property that CTS had sold fifteen years earlier. CTS and Mills Gap Road Associates, the current owner, both subsequently entered into an Administrative Order on Consent with U.S. EPA with respect to the Site. The Site comprises the portion of the property where the former manufacturing facility was located and its adjacent area, which includes the springs located on property east of the former plant building. The effective date of the Order was January 22, 2004.

Pursuant to the Order, CTS and Mills Gap Road Associates, utilizing the services of MACTEC Engineering and Consulting, Inc., a nationally-recognized environmental consulting firm, submitted all of the following:

- Health and Safety Plan;
- Quality Assurance Plan;
- Sampling and Analysis Plan; and
- Removal Action Pilot Study Plan.

All of these plans were reviewed and approved by U.S. EPA, and implemented. Reports on the results were submitted to U.S. EPA.

Based on those results, U.S. EPA requested CTS and Mills Gap Road Associates to proceed with the preparation and submission of a Removal Action Plan that would include, among other things, the design and construction of a soil vapor extraction system at the Site. The purpose of

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the soil vapor extraction system is to remove contaminants from the soils located beneath the floor of the former plant building and adjacent area.

In accordance with the Removal Action Plan that subsequently was approved by U.S. EPA, a soil vapor extraction system was installed at the site in June, 2006. This system includes fourteen soil vapor extraction wells, piping and other required removal system equipment.

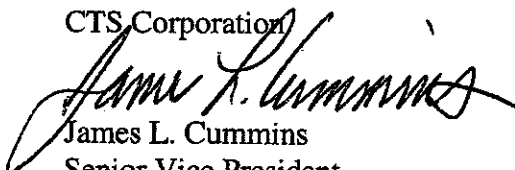
The soil vapor extraction system began operating on July 20, 2006. The system has been operating normally since its installation, has successfully removed contaminants from the soils, and continues to do so.

Action with respect to the springs that are part of the Site is included within the Scope of Work of the Order. It was anticipated by U.S. EPA and by the respondents to the Order that the springs, which are not used for drinking water, would be addressed during a future phase of the Removal Action. On October 26, 2007, U.S. EPA asked CTS and Mills Gap Road Associates to complete the measures with respect to the springs that are set forth in the Order. We will, of course, promptly do so.

It appears that a lack of awareness of the facts has caused a small group of individuals to leap to unfounded conclusions about the Site. We hope that, after reading this letter and being made aware of the facts, you will feel confident in the knowledge that the Site has been thoroughly analyzed, under the purview of both State and Federal environmental agencies, and that appropriate action has been, and will continue to be, taken regarding the Site.

Very truly yours,

CTS Corporation



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