

CTS Corporation
Reconciliation of Annual Effective Tax Rate to Annual Adjusted Tax Rate
(\$ in thousands)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|--|-------------|-------------|-------------|
| Pre-tax (loss)/earnings | \$ 28,026 | \$ (20,414) | \$ 26,255 |
| Tax expense/(benefit) | \$ 5,988 | \$ 13,636 | \$ (1,807) |
| Effective tax rate | 21.4% | -66.8% | -6.9% |
| Pre-tax (loss) | \$ 28,026 | \$ (20,414) | \$ 26,255 |
| Add: | | | |
| Restructuring and restructuring-related charges | \$ 1,697 | \$ 2,243 | \$ 6,085 |
| Goodwill impairment charges | | 33,153 | - |
| Adjusted Pre-tax (loss) | \$ 29,723 | \$ 14,982 | \$ 32,340 |
| Tax expense/(benefit) | \$ 5,988 | \$ 13,636 | \$ (1,807) |
| Subtract: | | | |
| Tax expense related to goodwill impairment charges | | 205 | - |
| Tax expense related to restructuring and restructuring-related charges | 589 | 673 | 2,190 |
| Tax expense related to increase in valuation allowance | | (2,500) | - |
| Tax benefit related to change in Canada tax law | - | - | 1,355 |
| Tax benefit related to release of valuation allowance | - | - | 4,148 |
| Tax expense related to cash repatriation | | (9,077) | - |
| Adjusted tax expense/(benefit) | \$ 6,577 | \$ 2,937 | \$ 5,886 |
| Adjusted tax rate | 22.1% | 19.6% | 18.2% |