

CTS CORP  
Form DEF 14A  
April 05, 2018

April 5, 2018  
Dear CTS Shareholder:

You are cordially invited to attend the 2018 Annual Meeting of Shareholders of CTS Corporation. The meeting will be held on Thursday, May 17, 2018, at 9:30 a.m. Central Time, at the Hotel Arista located at 2139 City Gate Lane, Naperville, Illinois 60563.

We are pleased to continue to take advantage of the Securities and Exchange Commission rules allowing us to furnish proxy materials to shareholders on the Internet. We believe that these rules provide you with proxy materials more quickly and reduce the environmental impact of our Annual Meeting. Accordingly, we are mailing to shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review our 2018 Proxy Statement and Annual Report to Shareholders for the year ended December 31, 2017, and to vote online or by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions for requesting these materials on page 3 of the 2018 Proxy Statement.

We hope you will attend the meeting in person. Whether you plan to attend the meeting or not, we encourage you to read this proxy statement and to vote your shares. The vote of every shareholder is important.

Kieran O'Sullivan  
Chairman, President and Chief Executive Officer

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NOTICE OF THE 2018 ANNUAL MEETING OF SHAREHOLDERS

To Be Held On

May 17, 2018

To CTS Shareholders:

The 2018 Annual Meeting of Shareholders of CTS Corporation will be held on Thursday, May 17, 2018, at 9:30 a.m. Central Time, at the Hotel Arista located at 2139 City Gate Lane, Naperville, Illinois 60563. To obtain directions to the meeting location, please call (630) 577 8800, or see the map on page 3 of the Proxy.

Only CTS shareholders of record at the close of business on March 19, 2018, may vote at this meeting or any adjournments that may take place. At the meeting, shareholders will vote on the following items:

PROPOSAL 1 Election of seven directors for a one year term;

PROPOSAL 2 Approval, on an advisory basis, of the compensation of CTS' named executive officers;

PROPOSAL 3 Ratification of the appointment of Grant Thornton LLP as CTS' independent auditor for 2018;

PROPOSAL 4 Approval of the CTS Corporation 2018 Equity and Incentive Compensation Plan

(the "2018 Plan"); and

Any other business properly presented at the meeting.

Your Board of Directors recommends that you vote in favor of the director nominees, in favor of the advisory approval of CTS' named executive officer compensation, in favor of the ratification of the appointment of Grant Thornton LLP, and in favor of the 2018 Plan.

By Order of the Board of Directors,

Luis F. Machado

Corporate Secretary

April 5, 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 2018.

The Notice, 2018 Proxy Statement, Form of Proxy and 2017 Annual Report to Shareholders are available at <http://www.ctscorp.com/investors>

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PROXY STATEMENT  
2018 ANNUAL MEETING OF SHAREHOLDERS  
To be held on  
May 17, 2018

This proxy statement is furnished in connection with the solicitation by the Board of Directors (“Board”) of CTS Corporation (“CTS”, “we”, “us”, “our” or the “Company”) of proxies to be voted at the 2018 Annual Meeting of Shareholders (“Annual Meeting”). CTS will bear the cost of this solicitation. On or about April 5, 2018, the Company mailed to its shareholders the Notice of Internet Availability of Proxy Materials, and made available this proxy statement, the accompanying proxy card and Annual Report to Shareholders. The following is important information in a question and answer format regarding the Annual Meeting and this proxy statement.

Q: Upon what may I vote?

A: (1) Election of director nominees to serve on the Board;  
(2) Approval, on an advisory basis, of the compensation of CTS’ named executive officers;  
(3) Ratification of the appointment of Grant Thornton LLP as CTS’ independent auditor for 2018; and  
(4) Approval of the CTS Corporation 2018 Equity and Incentive Compensation Plan (the “2018 Plan”).

Q: How does the Board recommend that I vote?

A: The Board recommends that you vote:

(1) FOR each of the director nominees identified in this proxy statement;  
(2) FOR advisory approval of CTS’ named executive officer compensation;  
(3) FOR ratification of the appointment of Grant Thornton LLP as CTS’ independent auditor for 2018; and  
(4) FOR approval of the 2018 Plan.

Q: How will voting on any other business be conducted?

We are not aware of any other business to be brought before the shareholders at the Annual Meeting other than as described in this proxy statement. However, if any other business is properly presented for shareholder consideration, your signed proxy card gives authority to Kieran O’Sullivan, Chairman, President and Chief Executive Officer, and Luis F. Machado, Vice President, General Counsel and Corporate Secretary, to vote on those matters at their discretion.

Q: How many votes are needed for approval of each proposal presented in this proxy statement?

A: Assuming that at least a majority of the shares of CTS common stock are represented at the Annual Meeting, either in person or by proxy:

(1) The seven director nominees receiving the most votes will be elected. Only votes cast for a nominee will have an impact on the election of directors. Abstentions, broker non votes and instructions on your proxy to withhold authority to vote for one or more of the nominees will have no impact as they will only result in those nominees receiving fewer votes;

(2) An affirmative vote of a majority of votes cast is necessary to approve, on an advisory basis, the compensation of CTS' named executive officers, although such vote will not be binding on CTS. Abstentions and broker non votes will have no impact on the outcome of this proposal;

(3) The Audit Committee's appointment of Grant Thornton LLP as CTS' independent auditor for 2018 will be ratified if a majority of the votes cast support the appointment. Your broker or other nominee will be able to vote your shares with respect to this proposal without your instructions because the proposal to ratify the appointment of Grant Thornton LLP is considered "routine." Abstentions will have no impact on the outcome of this proposal; and

(4) An affirmative vote of a majority of votes cast is necessary to approve the 2018 Plan. Abstentions and broker non-votes will have no impact on the outcome of this proposal.

Q: Who is entitled to vote?

A: Shareholders of record at the close of business on March 19, 2018, which is referred to in this proxy statement as the Record Date, are entitled to vote at the Annual Meeting. As of close of business on the Record Date, there were 33,017,770 shares of CTS common stock issued and outstanding. Every shareholder is entitled to one vote for each share of CTS common stock held on the Record Date.

Q: How do I vote?

A: Please follow the instructions on your Notice of Internet Availability of Proxy Materials to vote online or by telephone up until 11:59 p.m. Eastern Time on May 16, 2018. Of course, you may always vote in person at the meeting. You may revoke your proxy at any time before it is exercised by giving us written notice, sent to our principal executive offices, by submitting a duly executed proxy card to us bearing a later date, or by giving notice to us at the Annual Meeting.

Q: How can I vote shares of CTS common stock that I hold under the CTS Corporation Retirement Savings Plan?

A: The CTS Corporation Retirement Savings Plan is CTS' 401(k) plan. Vanguard Fiduciary Trust Company ("Vanguard"), the plan trustee, will vote the shares of CTS common stock in your account according to your instructions. You may use the proxy card provided or go online at [www.proxyvote.com](http://www.proxyvote.com) to instruct Vanguard. You must provide instructions or make changes to your instructions on how to vote shares of CTS common stock in your CTS Corporation Retirement Savings Plan on or before 11:59 p.m. Eastern Time on May 15, 2018. After that time, your instructions will be transmitted to the plan trustee and cannot be changed. If Vanguard does not receive your instructions to vote your shares of CTS common stock, they will not be voted.

Q: Who is entitled to attend the Annual Meeting?

A: Attendance at the Annual Meeting will be limited to our shareholders as of the Record Date and to pre approved guests of CTS. All shareholder guests must be pre approved by CTS and will be limited to spouses, persons required for medical assistance and properly authorized representatives of our shareholders as of the Record Date.

A: Additionally, if you are not the record holder of your shares, to attend the Annual Meeting you must first obtain a legal proxy form from your broker or other organization that holds your shares. Please contact your broker or organization for instructions regarding obtaining a legal proxy. If you do obtain a legal proxy and plan to attend the Annual Meeting, you will be required to present a valid form of identification.

Below is a map reflecting the location of CTS' Annual Meeting.

Q: Who solicits proxies on behalf of the Board and how much will this proxy solicitation cost?

A: Broadridge, Inc. distributes proxy materials on CTS' behalf and is compensated by CTS for mailing and distribution expenses. Proxies may also be solicited by executive officers of CTS, for which no additional compensation is paid.

Q: How can I receive paper or email copies of the proxy materials?

Shareholders wishing to receive paper or email copies of the proxy materials for the Annual Meeting and for future annual meetings of shareholders may request to receive proxy materials in printed form by mail, or electronically by email, by directing written or oral requests to CTS Corporation, Corporate Secretary, 4925 Indiana Avenue, Lisle, Illinois 60532, by calling (630) 577 8800 and leaving a message for our Corporate Secretary, by sending an email to [shareholder.services@ctscorp.com](mailto:shareholder.services@ctscorp.com) by May 4, 2018, or by following the directions on your proxy card.

Q: How may a shareholder nominate a candidate for election to the Board?

Director nominees for the 2019 Annual Meeting of Shareholders may be nominated by shareholders by sending a written notice to the corporate office to the attention of the Corporate Secretary for CTS. Pursuant to the CTS Corporation Bylaws, all nominations must be received no earlier than January 2, 2019, and no later than February 16, 2019. The notice of nomination is required to contain certain representations and information about the nominee, which are described in CTS' Bylaws. Copies of the Bylaws may be obtained free of charge from CTS' Corporate Secretary, or from CTS' website at <http://www.ctscorp.com/wp-content/uploads/BL.pdf>.

Q: When are shareholder proposals for the 2018 Annual Meeting of Shareholders due?

CTS' advance notice Bylaw provisions require that in order to be presented at the 2019 Annual Meeting of Shareholders, any shareholder proposal, including the nomination of a candidate for director, must be in writing and mailed to the corporate office to the attention of the Corporate Secretary for CTS, and must be received no earlier than January 2, 2019 and no later than February 16, 2019. Certain information is required to be included with shareholder proposals, which is described in CTS' Bylaws. Copies of the Bylaws may be obtained free of charge from CTS' Corporate Secretary, or from CTS' website at <http://www.ctscorp.com/wp-content/uploads/BL.pdf>. To be included in our proxy materials relating to the 2019 Annual Meeting of Shareholders proposals must be received by us on or before December 6, 2018, (or, if the date of the 2019 Annual Meeting of Shareholders is more than 30 days before or after the date of the 2018 Annual Meeting of Shareholders, a reasonable time before we begin to print and send our proxy materials).



PROPOSALS UPON WHICH YOU MAY VOTE

PROPOSAL 1 ELECTION OF DIRECTORS;

PROPOSAL 2 APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF CTS' NAMED EXECUTIVE OFFICERS;

PROPOSAL 3 RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS CTS' INDEPENDENT AUDITOR FOR 2018; AND

PROPOSAL 4 APPROVAL OF THE CTS CORPORATION 2018 EQUITY AND INCENTIVE COMPENSATION PLAN (THE "2018 PLAN").

Your Board recommends a vote FOR the director nominees, FOR advisory approval of CTS' named executive officer compensation, FOR the ratification of the appointment of Grant Thornton LLP, and FOR the approval of the 2018 Plan.

PROPOSAL 1: ELECTION OF DIRECTORS

CTS' Articles of Incorporation provide that the number of directors will be between three and fifteen, as fixed from time to time by the Board. As part of the succession planning and search process, the Nominating and Governance Committee and the Board regularly assess the Board's size. The Board has established the number of authorized directors at seven. Mr. Catlow will retire immediately following the 2018 Annual Meeting of Shareholders and has not been nominated for election in 2018. On April 2, 2018, the Board appointed Mr. Zulueta to serve as a director, temporarily increasing the number of directors to 8. There are seven director nominees for election and the number of authorized directors will remain at seven effective as of the Annual Meeting. Detailed information on each is provided below. All directors are elected annually and serve one year terms, or until their successors are elected and qualified. Nominees for the Board of Directors. Each director nominee named below is currently a director of CTS. The ages shown are as of April 5, 2018, the date of this proxy statement. Each director nominee has agreed to serve as a director if elected. If one or more of the nominees becomes unavailable for election, the remaining members of the Board will, in their sole discretion and pursuant to authority granted by the CTS Bylaws, nominate and vote for a replacement director or reduce the authorized number of directors.

PATRICIA K. COLLAWN Director since 2003  
Age 59

Ms. Collawn is the Chairman, President and Chief Executive Officer of PNM Resources, Inc., a multi state utilities corporation serving electricity customers. Ms. Collawn was named Chairman effective January 1, 2012, and President and Chief Executive Officer from March 1, 2010 to December 31, 2011. In March 2010, she was made a director of PNM Resources, Inc. She was President and Chief Operating Officer since August 2008 and Utilities President at PNM Resources, Inc. from June 2007 to August 2008. Prior to that, Ms. Collawn was President and Chief Executive Officer of Public Service Company of Colorado, an Xcel Energy, Inc. subsidiary, from October 2005. The Board believes that Ms. Collawn's experience as a sitting President and Chief Executive Officer of a publicly traded corporation, as well as substantial operations

experience, make her well qualified to serve as a director. Ms. Collawn received 98.99% of votes cast at the 2017 Annual Meeting.

GORDON HUNTER                      Director Since 2011  
Age 66

Mr. Hunter is the Chairman of Littelfuse, Inc., a global electronics company. Mr. Hunter has served as a director of Littelfuse, Inc. since June 2002, and joined the company as Chief Operating Officer in November 2003. He assumed the role as Chairman, President and Chief Executive Officer of Littelfuse, Inc. on January 1, 2005 until January 2017. He served as Executive Chairman from January 1, 2017 until December 31, 2017. He is currently a member of the Board of Directors of Veeco Instruments, Inc., where he serves on its Compensation Committee and on the Board of Directors of SMC Company. Mr. Hunter also serves on the Council of Advisors of Shure Incorporated. The Board believes that Mr. Hunter's experience as a President and Chief Executive Officer of a publicly traded corporation serving global markets, as well as substantial experience in the electronics industry, make him well qualified to serve as a director. Mr. Hunter received 98.18% of votes cast at the 2017 Annual Meeting.

**WILLIAM S. JOHNSON** Director Since 2015  
Age 61

Mr. Johnson is Senior Advisor of Cabot Microelectronics Corporation, a global supplier of specialty materials to the semiconductor industry. He joined the company as Chief Financial Officer in April 2003, was named an Executive Vice President in April 2013, and then served as Executive Vice President and Chief Financial Officer until January 2018. Prior to 2003, he was Executive Vice President and Chief Financial Officer for Budget Group, Inc. from August 2000 to March 2003. Before that, Mr. Johnson worked for 16 years at BP Amoco in various finance and management positions. The Board believes that Mr. Johnson's experience as a Chief Financial Officer of a publicly traded corporation serving global markets, in addition to his financial expertise in a range of industries, substantial risk management skills and broad international business experience, make him well qualified to serve as a director. Mr. Johnson received 99.13% of votes cast at the 2017 Annual Meeting.

**DIANA M. MURPHY** Director since 2010  
Age 61

Ms. Murphy is the Managing Director of Rocksolid Holdings, LLC, a private equity firm, serving in that capacity since January 2007. She was the managing director of the Georgia Research Alliance Venture Fund, a private investment fund created to help finance promising companies emerging from Georgia's research universities, serving in that capacity from 2012 until 2015. Prior to joining Rocksolid, she was a Managing Director at Chartwell Capital Management Company, a private equity firm. She is Chairman of the Board of Directors of Landstar System, Inc., and a Director of Georgia Research Alliance Venture Fund, LLC and the Coastal Bank of Georgia, along with other private and non-profit boards. She is immediate Past President of the United States Golf Association. The Board believes that Ms. Murphy's extensive experience in business management, strategic

planning, marketing, public relations and experience on the boards of other companies make her well qualified to serve as a director. Ms. Murphy received 98.44% of votes cast at the 2017 Annual Meeting.

**KIERAN O’SULLIVAN** Director since 2013  
Age 56

Mr. O’Sullivan is the Chairman, President and Chief Executive Officer of CTS. Prior to assuming this role on January 7, 2013, Mr. O’Sullivan served as Executive Vice President of Continental AG’s Global Infotainment and Connectivity Business and led the NAFTA Interior Division, having joined Continental AG, a global automotive supplier, in 2006. Mr. O’Sullivan is a member of the Board of Directors and Chairman of the Compensation Committee, and a member of the Risk Committee of LCI Industries, a supplier of components for manufacturers of recreational vehicles, manufactured homes and for the related aftermarkets of those industries. The Board believes that Mr. O’Sullivan’s more than twenty six years of leadership experience in operations, strategy, mergers and acquisitions, and finance roles in the manufacturing services, electronics and automotive business segments make him well qualified to serve as a director. Mr. O’Sullivan received 97.64% of votes cast at the 2017 Annual Meeting.

**ROBERT A. PROFUSEK** Director since 1998  
Age 68

Mr. Profusek is the global chairman of the mergers & acquisitions department of Jones Day, a global law firm which he joined in 1975. Mr. Profusek also serves as the Lead Director of Valero Energy Corporation and is a member of the Compensation Committee of Valero’s Board of Directors. He previously served as a director of two other NYSE listed companies. The Board believes that Mr. Profusek’s substantial experience in mergers and acquisitions, corporate governance and experience serving as a director of other publicly traded companies make him well qualified to serve as a director. Mr. Profusek received 99.11% of votes cast at the 2017 Annual Meeting.

ALFONSO G. ZULUETA Director since 2018  
Age 55

Mr. Zulueta is Senior Vice President with Eli Lilly and Company and President of Lilly International. He has been with Eli Lilly and Company since 1988, holding various roles of increasing responsibility. Prior to his current role, Mr. Zulueta served as President of Emerging Markets, President of Eli Lilly Japan, and President of Asian Operations. The Board believes that Mr. Zulueta's broad global management experience, his exposure to a range of cultures, and his deep experience in medical markets make him well qualified to serve as a director. Mr. Zulueta was appointed to the board of directors effective April 2, 2018. Your Board recommends a vote FOR each of these director nominees.

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**PROPOSAL 2: APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF CTS' NAMED EXECUTIVE OFFICERS**

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934 ("Exchange Act"), our Board of Directors is submitting a "Say on Pay" proposal for shareholder consideration. The Compensation Discussion and Analysis section of this proxy statement describes CTS' executive compensation program and the compensation decisions made by the Compensation Committee and the Board in 2017 with respect to our named executive officers. CTS is asking shareholders to cast an advisory shareholder vote approving the compensation of CTS' named executive officers (commonly referred to as a "say on pay" vote). Under current Board policy and as selected by the shareholders with 77.38% of the vote at the 2017 Annual Meeting, the shareholder vote for advisory approval of named executive officer compensation will occur annually. The next such vote will occur at our 2019 Annual Meeting of Shareholders. Shareholders approved, on an advisory basis, the 2016 compensation of CTS' named executive officers by a vote of 96.75% at the 2017 Annual Meeting.

As we describe in the Compensation Discussion and Analysis section of this proxy statement, CTS' executive compensation program is designed to attract, retain, and motivate high-quality executive talent, to provide executives with strong incentives to maximize CTS' performance, and to align executives' interests with those of shareholders. These goals are achieved through the application of a number of techniques, such as:

- balancing fixed pay versus incentive-based compensation appropriately;
- selecting appropriate and broad-based performance metrics;
- establishing reasonable performance thresholds;
- capping performance-based compensation awards at certain maximum levels;
- requiring multiple-year performance periods for certain performance-based awards; and
- vesting a significant amount of equity compensation over multi-year periods.

CTS remains committed to the use of broad-based metrics such as earnings per share, strategic business unit operating earnings, sales growth and relative total shareholder return in measuring corporate performance.

For these reasons, the Board is asking shareholders to vote FOR the following resolution:

"RESOLVED, that the compensation of the named executive officers as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables, and any related material disclosed in the CTS 2018 proxy statement, is hereby approved."

While the advisory vote we are asking you to cast is non-binding, the Compensation Committee and the Board value the views of our shareholders and expect to take into account the outcome of the vote when considering future compensation decisions for our named executive officers.

Your Board recommends a vote FOR the advisory approval of CTS' named executive officer compensation.

**PROPOSAL 3: RATIFICATION OF APPOINTMENT OF GRANT THORNTON LLP AS INDEPENDENT AUDITOR FOR 2018**

Grant Thornton LLP has served as CTS' independent auditor since June 2005 and has been appointed by the Audit Committee to continue as CTS' independent auditor for 2018. In the event that ratification of the appointment of Grant Thornton LLP as independent auditor for 2018 is not approved by the shareholders at the Annual Meeting, the Board will review the Audit Committee's future selection of independent auditors.

Representatives of Grant Thornton LLP will be present at the Annual Meeting. The representatives will be available to respond to appropriate questions. The representatives will also be afforded an opportunity to make such statements as they desire.

Your Board recommends a vote FOR ratification of the appointment of Grant Thornton LLP as independent auditor for 2018.

#### PROPOSAL 4: APPROVAL OF THE CTS CORPORATION 2018 EQUITY AND INCENTIVE COMPENSATION PLAN

##### General

We are asking shareholders to approve the CTS Corporation 2018 Equity and Incentive Compensation Plan (the “2018 Plan”). On February 8, 2018, upon the recommendation of the Compensation Committee, the Board unanimously approved and adopted, subject to shareholder approval, the 2018 Plan to replace our current equity plan, the CTS Corporation 2014 Performance and Incentive Compensation Plan (the “2014 Plan”). Our shareholders approved the 2014 Plan at CTS’ 2014 Annual Meeting of Shareholders. The Board is recommending that CTS’ shareholders vote in favor of the 2018 Plan, which will succeed in its entirety the 2014 Plan. The 2018 Plan will afford the Compensation Committee the ability to provide certain employees of CTS and its affiliates and CTS’ non-employee directors (“Participants”) with the opportunity to receive stock-based and other incentive grants in order to attract, motivate and help retain qualified individuals and to align their interests with the interests of CTS’ shareholders. You are being asked to approve the 2018 Plan.

If the 2018 Plan is approved by shareholders at the 2018 Annual Meeting, it will be effective as of the day of the 2018 Annual Meeting, and no further grants will be made on or after such date under the 2014 Plan. Outstanding awards under the 2014 Plan, however, will continue in effect in accordance with their terms. If the 2018 Plan is not approved by our shareholders, no awards will be made under the 2018 Plan and the 2014 Plan will remain in effect.

Our principal reason for adopting the 2018 Plan is to obtain shareholder approval of 2,500,000 shares of our common stock, without a par value (“Common Shares”), available for awards under the 2018 Plan as described below and in the 2018 Plan. The Board recommends that you vote to approve the 2018 Plan. The actual text of the 2018 Plan is attached to this proxy statement as Exhibit A. The following description of the 2018 Plan is only a summary of its principal terms and provisions and is qualified by reference to the actual text as set forth in Exhibit A. A new plan benefits table is not provided because no grants have been made under the 2018 Plan and all grants will be discretionary, as further described below.

##### Why CTS Believes You Should Vote for Proposal 4

The 2018 Plan authorizes the Compensation Committee to provide equity-based compensation in the form of stock options, stock appreciation rights (SARs), restricted stock, restricted stock units (RSUs), performance shares, performance units and other stock or stock-based awards to Participants. The 2018 Plan also authorizes the Compensation Committee to provide cash incentive awards to these same Participants. Some of the key features of the 2018 Plan that reflect CTS’ commitment to effective management of equity and incentive compensation are set forth below in this subsection.

CTS believes its future success continues to depend in part on its ability to attract, motivate and retain high quality employees and directors and that the ability to provide equity-based and/or incentive-based awards under the 2018 Plan is critical to achieving this success. CTS believes it would be at a severe competitive disadvantage if it could not

use stock-based awards to recruit and compensate its non-employee directors and officers and other employees.

The use of Common Shares as part of CTS' compensation program is also important to its continued success because equity-based awards are an essential component of our compensation program for certain employees, as they link compensation with long-term shareholder value creation and reward Participants based on CTS' performance. As discussed in further detail in the "Compensation Discussion and Analysis", equity compensation represents a significant portion of the compensation package for our Chief Executive Officer and other named executive officers. Because our equity awards generally vest over multiple years, the value ultimately realized from these awards depends on the long-term value of our Common Shares. Our

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equity compensation program also helps us to attract and retain talent, targeting individuals who are motivated by pay-for-performance. Equity compensation also aligns the compensation interests of CTS' directors with the investment interests of its shareholders and promotes a focus on long-term value creation because its equity compensation awards can be subject to vesting criteria.

As of March 19, 2018, 50,057 Common Shares remained available for awards under the 2014 Plan. If the 2018 Plan is not approved, CTS may be compelled to increase significantly the cash component of its non-employee director and employee compensation, which may not necessarily align director or employee compensation interests with the investment interests of its shareholders as well as the alignment provided by equity-based awards.

The following includes aggregated information regarding the overhang and dilution associated with our now-terminated CTS Corporation Amended and Restated 2009 Omnibus Equity and Performance Incentive Plan (the "A&R 2009 Plan") and the 2014 Plan, and the potential shareholder dilution that would result if the proposed Common Share authorization under the 2018 Plan is approved. The following information is as of March 19, 2018. As of that date, there were approximately 33,017,770 of CTS' Common Shares outstanding.

- Total outstanding full-value awards (RSUs), assuming that the outstanding awards achieve maximum performance: 739,711 Common Shares (2.24 percent of outstanding Common Shares);
- Outstanding stock options: 295,000 Common Shares (.89 percent of outstanding Common Shares) (outstanding stock options have a weighted average exercise price of \$18.37 and an average remaining term of 2.2 years);
- Total Common Shares subject to outstanding awards as described above (stock options and RSUs): 1,034,711 Common Shares (3.13 percent of outstanding Common Shares);
- Total Common Shares currently available for future awards under the 2014 Plan: 50,057 Common Shares (.15 percent of outstanding Common Shares);