



CTS CORPORATION **STOCK OWNERSHIP GUIDELINES**

PURPOSE

To define guidelines for minimum share ownership for directors and executives as well as the holding requirements to be applied prior to attaining the guideline number of shares.

To ensure that the interests of directors and executives are aligned with those of shareholders, CTS provides equity-based compensation as part of its overall compensation package. Adoption of these guidelines will require directors and executives to maintain a significant ownership stake over their tenure, without placing undue tax or cash flow burdens on them. These guidelines are a means to motivate directors and executives to perpetuate enduring shareholder value.

GUIDELINES

1. CTS' Chief Executive Officer ("CEO") is required to hold Share Units with a value equal to five and one half (5.5) times annual base salary. This share ownership guideline level will be recalculated whenever the CEO receives an increase in annual base salary.
2. CTS' Chief Financial Officer, General Counsel, Corporate Secretary, and any other executive that is an "executive officer" under the SEC's rules and regulations (collectively, "Executive Officers") are required to hold Share Units with a value equal to three (3) times annual base salary. This share ownership guideline level will be recalculated whenever the Executive Officer receives an increase in base salary.
3. All Vice Presidents (other than Executive Officers) reporting to the CEO are required to hold Share Units with a value equal to one (1) times annual base salary. This share ownership guideline level will be recalculated whenever the Vice President receives an increase in base salary. Until such time as the Vice President has attained this share ownership guideline, he or she is expected to retain 50% of the Share Units awarded to him or her, net of amounts required to pay taxes and exercise prices. Prior to sale of any sale of shares, the Vice President must consult with the CEO and General Counsel.
4. All directors are required to hold Share Units with a value equal to five and one half (5.5) times the amount of the annual retainer paid to directors. This share ownership guideline level will be recalculated whenever the directors' annual retainer is increased.



5. If any person simultaneously serves as an executive that is required to comply with these guidelines and a director, that person must meet the more rigorous applicable share ownership guideline.
6. It is expected that each director and executive shall attain the applicable share ownership level within six years of his or her initial election/appointment.
7. Until such time as the CEO or an Executive Officer has attained the applicable share ownership guideline, he or she is expected to retain 100% of the Share Units awarded to him or her, net of amounts required to pay taxes and exercise prices. Thereafter, he or she is expected to retain, for a period of at least two (2) years, at least 50% of the total Share Units with which he or she is credited as a result of equity awards made by the Company subsequent to the date on which the applicable share ownership guideline is attained, net of amounts required to pay taxes and exercise prices. Prior to sale of any sale of shares, the CEO or the Executive Officer, as applicable, must consult with the CEO and General Counsel.
8. Until such time as a director has attained the applicable share ownership guideline, he or she is expected to retain 100% of the Share Units awarded to him or her. Thereafter, he or she is expected to retain, for a period of at least two (2) years, at least 50% of the total Share Units with which he or she is credited as a result of equity awards made by the Company subsequent to the date on which the applicable share ownership guideline level is attained; provided, however, that this requirement will terminate upon retirement. The director must notify the CEO and General Counsel at the time of sale of any shares.
9. In calculating compliance with the guidelines, each director and executive shall be credited with one Share Unit for each share of CTS stock beneficially owned by him or her, including shares held in the CTS 401(k) Plan and shares of restricted stock; and for each restricted stock unit; directors' deferred common stock unit; and share subject to a stock option which he or she holds. Both vested and non-vested shares of restricted stock and restricted stock units shall be included in calculating total Share Units, except unvested performance equity awards and shares subject to non-vested stock options shall not be included.
10. The Compensation Committee of the Board of Directors shall have authority to administer these guidelines. Upon the request of a director or executive, the Compensation Committee may grant a waiver of these guidelines in consideration of the personal circumstances of the director or executive. The Compensation Committee or the Board of Directors, as applicable may, in its discretion, reduce future grants to any director or executive who does not comply with the restrictions on dispositions outlined above.

The Compensation Committee shall review these guidelines from time to time and make recommendations to the Board of Directors for modifications as necessary or appropriate.

