

**II-VI INCORPORATED
AUDIT COMMITTEE CHARTER**

Article 1. Organization

The Audit Committee of the Board of Directors of II-VI Incorporated (the “Company”) shall be a permanent committee of the Board of Directors.

Article 2. Membership

The members of the Audit Committee shall be appointed by the Board of Directors on recommendations from the Nominating and Corporate Governance Committee recognizing the need for continuity of membership from year to year.

The Audit Committee shall consist of a minimum of three independent, non-management members of the Board of Directors. No member of the Audit Committee shall (i) be an active employee of the Company or any of its affiliates during the current year or any of the past three years or (ii) have participated in the preparation of the financial statements of the Company or any of its subsidiaries at any time during the past three years.

Each member of the Audit Committee shall be free of any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out their responsibilities as a director. Applicable laws, regulations (including Rule 10A-3 promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation) and listing standards (collectively, “Laws”) shall be followed in evaluating a member’s independence.

Each member of the Audit Committee shall be generally knowledgeable in financial, accounting and auditing matters and able to read and understand fundamental financial statements, including the Company’s balance sheet, statement of earnings and statement of cash flows. At least one member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background.

One member of the Audit Committee will serve as Chairman of the Audit Committee and shall be appointed by the Board of Directors upon the recommendation of the Nominating and Corporate Governance Committee. The Chairman of the Audit Committee shall be responsible for leadership of the Audit Committee, including, but not limited to, preparation of meeting agendas, presiding over the meetings, making committee assignments, reporting to the Board of Directors and maintaining open communication with the independent auditors and management of the Company. The Chairman of the Audit Committee shall also oversee the administration of the Company’s Code of Ethics for Senior Financial Officers and its Compliance Hotline.

Article 3. Roles and Duties

It shall be the role of the Audit Committee to oversee the Company’s discharge of its financial reporting obligations and its relationship with its independent registered public accounting firm (hereafter, the “independent auditors”) and to assist the Board of Directors in fulfilling its legal and fiduciary responsibilities of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company and other such duties as directed by the Board of Directors. The duties and responsibilities of a member of the Audit Committee are in addition to those duties set out for a member of the Board of Directors.

The Audit Committee shall promote the development of an effective and continuously improving control environment, in concert with the management of the Company, to achieve the Company's objectives through an appropriate system of risk assessment and internal controls.

The Audit Committee shall have the sole authority and direct responsibility over the selection, appointment, compensation, retention and replacement, if necessary, of a firm of independent auditors which shall report directly to the Audit Committee to perform an annual audit of the Company.

The Audit Committee shall oversee the work of the independent auditors and shall resolve any disputes between management and the independent auditors concerning financial reporting or accounting matters.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services to be performed for the Company by its independent auditors in accordance with applicable Law. The Audit Committee may delegate such pre-approval authority to one or more Audit Committee members, provided that the decisions of such delegate shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall maintain open communications with the independent auditors of the Company and the management of the Company. At least annually, the Audit Committee shall meet with the independent auditors of the Company without the presence of the management of the Company.

The Audit Committee shall review the annual audit plans of the independent auditors.

The Audit Committee shall review the results of the annual audit of the independent auditors and recommend any action or responses deemed necessary.

The Audit Committee shall obtain, at least annually, a formal written statement from the independent auditors confirming their independence from the Company and disclosing all relationships and services which may impact the independent auditor's objectivity and independence, consistent with Independence Standards Board Standard 1 or any successor thereto.

The Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and shall take appropriate action to oversee the independence of the outside auditor.

The independent auditor shall report the following to the Audit Committee prior to the filing of audit reports with the Commission: (i) all critical accounting policies and practices to be used; (ii) all alternative treatments within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (iii) other material written communications between the independent auditor and management. The Audit Committee shall consider and discuss such reports with the independent auditor.

The Audit Committee shall review whether management has sought a second opinion regarding a significant accounting issue from a source other than the independent auditor of the Company, and, if so, obtain the rationale for the particular accounting treatment chosen in light of a second opinion.

The Audit Committee shall prepare the report required by the rules of the Commission to be included in the annual proxy statement solicited by the Company.

The Audit Committee shall review disclosures made to the Audit Committee by the Company's principal executive officer and principal financial officer during their certification process for the Company's annual and quarterly reports filed with the Commission.

The Audit Committee shall review compliance by directors, officers, and management with the Company's Insider Trading Policy on at least an annual basis.

The Audit Committee shall be empowered to investigate any matter brought to its attention within its scope of responsibilities, with full power to retain outside legal counsel and/or experts in fulfilling this purpose. The Company shall provide the necessary funding for the compensation of the Company's independent auditors, any outside counsel or advisers and the ordinary administrative expenses of the Audit Committee.

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding the Company's financial statements or accounting policies.

Article 4. Meetings

The Audit Committee is expected to meet in person or by teleconference as often as it determines, but not less frequently than once each fiscal quarter. All meetings will be called by the Chairman of the Audit Committee, with the Audit Committee having sole authority to invite members of the Company's management, the independent auditors or others as determined necessary.

Article 5. Voting

Each member of the Audit Committee shall have an equal vote on all matters requiring voting. A simple majority in attendance will decide the vote. In the case of a tie vote, the Chairman of the Audit Committee shall be empowered to decide the outcome of the vote.

Article 6. Charter Review

This charter shall be reviewed and assessed for adequacy and updated, if necessary, at least annually based on applicable Laws and approved by the Board of Directors at the first meeting of the Board of Directors each fiscal year. The charter shall be published in accordance with applicable Laws.

Article 7. Scope of Duties

Notwithstanding any of the responsibilities and duties set forth in this charter, it is not the duty of the Audit Committee to plan, direct or conduct audits or to determine whether the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. This duty lies with management and the independent auditors.

September 1, 2004