

**II-VI INCORPORATED
COMPENSATION COMMITTEE CHARTER**

Article 1. Organization

The Compensation 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 Compensation Committee shall be appointed by the Board of Directors on recommendations from the Nominating and Corporate Governance Committee.

The Compensation Committee shall consist of a minimum of three members of the Board of Directors. All of the members of the Compensation Committee shall be independent directors.

Each member of the Compensation 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 and listing standards (including, without limitation, Marketplace Rule 4200(a)(15) promulgated by Nasdaq, Section 162(m) of the Internal Revenue Code, and Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rules or regulations) (collectively, “Laws”) shall be followed in evaluating a member’s independence.

One member of the Compensation Committee will serve as Chairman of the Compensation Committee and shall be appointed by the Board of Directors upon the recommendation of the Nominating and Corporate Governance Committee. The Chairman of the Compensation Committee shall be responsible for leadership of the Compensation Committee, including, but not limited to, preparation of meeting agendas, presiding over the meetings, making committee assignments and reporting to the Board of Directors.

Article 3. Roles and Duties

It shall be the role of the Compensation Committee to assist the Board of Directors in discharging its oversight responsibilities for the compensation of the Company’s officers, directors and key employees in accordance with the Company’s stated compensation strategy and philosophy, corporate goals and objectives, competitive practices and regulatory requirements. The Compensation Committee shall review, provide advice on and, where appropriate, approve compensation objectives, plans and levels.

The Compensation Committee shall determine all aspects of Total Compensation (defined as compensation, benefits and perquisites) for the Chief Executive Officer (CEO) and Chief Operating Officer (COO) of the Company, including, but not limited to:

- a. A review of corporate and individual goals and objectives relevant to CEO and COO Total Compensation, an evaluation of the CEO’s and COO’s performance relative to those goals and objectives, and a determination of the CEO’s and COO’s Total Compensation level based on this evaluation.
- b. In determining the long-term incentive component of CEO and COO Total Compensation, the Compensation Committee will consider the Company’s performance, relative shareholder return, the value of long-term incentive compensation given to CEO’s and COO’s at comparable companies, and the awards given to the CEO and COO in past years.

The Compensation Committee shall determine the Total Compensation of senior executives of the Company, such review to include, at a minimum, the Section 16 officers whose compensation treatment is disclosed in the proxy statement of the Company.

The Compensation Committee shall make recommendations to the Board with respect to incentive compensation and equity-based incentive plans that require shareholder approval, and will govern the Company's shareholder-approved award and options plan(s). The plan governance role of the Compensation Committee shall include the authority to adopt, administer, approve, and ratify awards, including amendments to the awards made under any such plans, and the review and monitoring of awards under such plans. These duties shall include administering and interpreting the Company's Stock Option Plan of 2001, selecting from eligible employees those persons to whom options will be granted and determining the type of option, the number of shares to be included in each option, any restriction on exercise for some or all of the shares subject to the option, the option price and the period in which each option may be exercised, either in whole or in part.

The Compensation Committee's duties shall include administering and interpreting the Company's Amended and Restated Employee Stock Purchase Plan (the "Purchase Plan"); proscribing, amending and rescinding rules and regulations relating to the Purchase Plan; suspending the operation of the Purchase Plan; and making all other determinations necessary to the administration of the Purchase Plan, including the appointment of individuals to facilitate the day-to-day operation thereof.

The Compensation Committee shall review and have sole authority to approve the retention (including the fees and terms of such retention) and/or termination of any compensation consultant to be used to assist in the evaluation of director, CEO, COO or senior executive compensation.

The Compensation Committee is responsible for the periodic review of succession plans for the CEO, COO and other senior executives as deemed necessary. The Compensation Committee is to periodically report to the Board of Directors on these matters.

The Compensation Committee shall review the annual report on senior executive compensation for inclusion in the in the Company's proxy statement in accordance with all applicable rules and regulations.

The Compensation Committee shall also perform such other duties and responsibilities as may be assigned to it, from time to time, by the Board of Directors of the Company.

Article 4. Meetings

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

Article 5. Voting

Each member of the Compensation 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 Compensation 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.

September 1, 2004