II-VI Incorporated
Corporate Governance Guidelines

*The following Corporate Governance Guidelines (the "**Guidelines**") have been adopted by the Board of Directors (the "**Board**") of II-VI Incorporated (the "**Company**") to assist the Board in serving the best interests of the Company and its shareholders. These Guidelines are intended to supplement the Company's By-laws and the charters of the Board's committees. The Corporate Governance and Nominating Committee reviews the Guidelines annually, and advises the Board of any changes that it recommends. These Guidelines are subject to modification from time to time by the Board as the Board deems appropriate or as required by applicable laws and regulations. These Guidelines are posted on the Company's website www.ii-vi.com.*

1. Board Structure

a. Size of the Board

The Board believes that a size of no less than five and no more than eleven members is appropriate. This range encourages diversity of experience without diminishing individual accountability or effective discussion. The exact number of directors is determined by the Board based on its current composition and requirements. The Corporate Governance and Nominating Committee reviews the size of the Board annually, and from time to time may recommend changes to the size of the Board that is most effective in relation to future operations.

b. Meetings of the Board

As provided by the Company's By-laws, the Board meets regularly on previously determined dates. Board meetings are held at least quarterly. Each Board member is expected to attend Board meetings and meetings of the committees on which the director serves, either in person or by telephone, and to attend in person annual meetings of the Company's shareholders.

c. Chairman of the Board

The Company's By-laws, which the Board may amend as circumstances warrant, provide for the designation of a Chief Executive Officer (the "**CEO**") and a Chairman of the Board (the "**Chairman**") for the Company. The Board retains the flexibility to adopt the structure it believes to be in the best interests of the Company, including the combination of, or the separation of, the Chairman and CEO roles. The Board annually reviews the structure, taking into consideration the facts and circumstances then present.

d. Lead Independent Director

If the Chairman is not an "Independent Director" (as defined under the corporate governance requirements of The Nasdaq Stock Market LLC ("**Nasdaq**"), all applicable laws, rules and regulations, or as determined by the Board in accordance with these Guidelines), one independent director is designated as the Lead Independent Director. The position of Lead Independent Director ensures that the Board serves in a capacity which is independent of management, and that directors at all times have an independent leadership contact. In general, the major responsibilities of the Lead Independent Director include:

- Chairing executive sessions of the independent directors;
- Serving as a liaison between the Board and the CEO to ensure effective coordination;
- Serving as a liaison between the Chairman and the independent directors;
- Supporting the Chairman in the setting of the agenda for Board meetings, based on input from other directors, and the President and CEO;
- Chairing meetings of the Board in the absence of the Chairman; and
- Carrying out other duties as requested by the Corporate Governance and Nominating Committee and the Board.

e. **Committees**

The current committees of the Board are the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Subsidiary Committee. The Board may, from time to time, want to form a new committee or disband a current committee depending upon circumstances. Committees will meet the requirements of Nasdaq, the Securities and Exchange Commission (the "**SEC**") and other applicable regulatory bodies.

The Corporate Governance and Nominating Committee is responsible for recommending Board members to various committees for the Board's approval.

f. Board Materials and Presentations

The agenda for each meeting is provided in advance of the meeting, together with written materials on matters to be presented for consideration, for the directors' review prior to the meeting. The Chairman establishes the Board agenda for each meeting of the Board. Each Board member is expected to recommend the inclusion of items on the agenda. As a general rule, written materials are provided in advance on all matters requiring Board action. Written materials are concise summaries of the relevant information, designed to provide a foundation for the Board's discussion of key issues and make the most efficient use of the Board's meeting time. Directors may request from the Company any additional information they believe to be necessary to perform their duties.

g. **Director Mandatory Retirement**

The Board has adopted a retirement policy for directors. Under this policy, a director must tender to the Corporate Governance and Nominating Committee his or her resignation from the Board, to be effective at the end of the last regularly scheduled Board meeting prior to the director completing his or her 75th year. The Corporate Governance and Nominating Committee considers each case, and recommends to the Board the action to be taken. The Board in its discretion chooses to accept or reject the resignation. If rejected, the director's resignation will be deemed to be re-submitted to the Corporate Governance and Nominating Committee annually thereafter, until such time as it is accepted by the Board.

2. Director Independence

In accordance with the Company's long-standing policy, a substantial majority of the members of the Company's Board must qualify as "Independent Directors" as defined by Nasdaq rules, and all members must strictly follow a code of business conduct and ethics.

a. **Review Procedures for Director Independence**

In its annual review of director independence, the Board considers all relevant facts and circumstances in making a determination of independence for each director, and may impose independence requirements more stringent than those required by Nasdaq. The Board considers all relationships that each director has with the Company, directly or indirectly, including any commercial, banking, consulting, legal, accounting, or other business relationships any director has with the Company. The Board considers a "material relationship" to be one that impairs or inhibits, or has the potential to impair or inhibit, a director's exercise of critical and disinterested judgment on behalf of the Company and its shareholders. When assessing the "materiality" of a director's relationship with the Company, the Board considers all relevant facts and circumstances, not only from the standpoint of the director in his or her individual capacity, but also from the standpoint of the persons to whom the director is related and organizations with which the director is affiliated.

Following its annual review, only those directors whom the Board affirmatively determines have no material relationship with the Company will be considered independent directors, subject to any additional qualifications under the listing standards of Nasdaq or the rules of any other applicable regulatory authority.

b. Review and Approval of Related Person Transactions

The Company's Code of Business Conduct and Ethics (the "Code") contains the primary guidance for the evaluation of related party transactions. It requires that the senior leaders of the Company and its subsidiaries refrain from activities that might involve a conflict of interest.

Before making any investment, accepting any position or benefit, participating in any transaction or business arrangement, or otherwise acting in a manner that creates or appears to create a conflict of interest, individuals who are subject to the Code must make a full disclosure of all relevant facts and circumstances to, and obtain the prior written approval of, the Company. Waivers of actual or potential conflicts of interest under the Code for any of the Company's executive officers or directors may be granted only by the Board. Only those matters that are in the best interests of the Company may be approved. Employees are required and encouraged to report violations of the Code, and such reports may be made anonymously. Reports are forwarded for review by the Audit Committee.

c. Executive Sessions of Independent Directors

Executive sessions of independent directors are regularly scheduled and held without the presence of any management, including employee directors. The Lead Independent Director presides over these meetings.

3. Code of Business Conduct and Ethics

The Board has approved and adopted the Code, which applies to all directors, officers and employees of the Company and its subsidiaries. This document is available on the Company's website at www.ii-vi.com. The Company will disclose on its website, and otherwise as required by the SEC and other regulatory bodies, any amendment to or waiver of a director's or executive officer's compliance with the Code.

4. Director Duties and Responsibilities

a. **General**

The business and affairs of the Company are managed under the direction of the Board. The basic responsibility of a director is to exercise his or her business judgment, and act in what he or she reasonably believes to be in the best interests of the Company and its shareholders. In fulfilling this responsibility, directors reasonably may rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial, and other advisors. Directors are also expected to spend the time and effort necessary to properly discharge their duties and responsibilities. Accordingly, each director is expected to rigorously prepare for meetings, including by reviewing materials received in advance, and attending and participating in all Board and applicable committee meetings. Each director is expected to keep current with issues and policy decisions facing global businesses. A director who is unable to attend a meeting is expected to notify the Chairman, or the chairman of the appropriate committee, in advance of the meeting.

Each director is expected to attend the Company's annual meeting of shareholders, and to be available to address questions or concerns raised by shareholders.

b. Responsibility for Oversight of Risk Management

The Board views that risk oversight is a full Board responsibility, and the Audit Committee of the Board has been designated to report to the Board on risk management issues, and to develop for the Board agenda items for the Board regarding risk management. Accordingly, the Audit Committee schedules time for periodic review of risk assessment and management activities being undertaken by management throughout the year, in addition to its other duties. In this role, the Audit Committee receives reports from management, internal audit, and other advisors, and strives to generate serious and thoughtful attention to the Company's risk management process and system, the nature of the material risks the Company faces, and the adequacy of the Company's policies and procedures designed to respond to and mitigate these risks. Although the Audit Committee leads these efforts, each Board committee reviews risks associated with its areas, and risk management is periodically reported to the full Board, and feedback sought from each director as to the most significant risks that the Company faces. This is principally accomplished through Audit Committee and other Board committee reports to the Board, and discussion with management.

In addition to the formal compliance program, the Board and Audit Committee encourage management to promote a corporate culture that understands risk management and incorporates it into the overall corporate strategy and day-to-day business operations of the Company. This includes an ongoing effort to assess and analyze the most likely areas of future risk for the Company, and to address them in its long-term planning process.

c. Change in Director Occupation

Pursuant to a policy adopted by the Board, when a director's principal occupation or business association changes substantially during his or her tenure as a director (including retirement), that director shall tender his or her resignation for consideration by the Corporate Governance and Nominating Committee. That Committee considers each case, and recommends to the Board the action to be taken with respect to the resignation. The Board in its discretion chooses to accept or reject the resignation.

d. Evaluation, Assessment and Director Continuing Education

The Board is required to have a process whereby the full Board and its members are subject to periodic evaluation and assessment. From time to time, the Corporate Governance and Nominating Committee may retain an independent third party to perform a Board evaluation.

The Board works with management to schedule new director orientation programs and director continuing education programs. The orientation programs are designed to familiarize new directors with the Company's businesses, strategies and challenges, and to assist new directors in developing and maintaining skills and knowledge necessary or appropriate for the performance of their responsibilities. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs. Each director is expected to maintain a level of expertise necessary to perform his or her responsibilities as a director, including through participation in continuing education programs deemed appropriate by the director or the Board. The Corporate Governance and Nominating Committee chairman reviews and coordinates all director education requests requiring Company reimbursement.

5. Nomination of Candidates for Director

The Corporate Governance and Nominating Committee is responsible for nominating members for election to the Board, and for filling vacancies on the Board that occur between annual meetings of shareholders. The Committee may consider candidates for director identified by sources including existing directors, members of the Company's management team, shareholders, and third-party search firms. The Company's By-Laws describe the procedures to be followed by a shareholder in recommending nominees for director.

The Corporate Governance and Nominating Committee considers a variety of factors when determining whether to recommend a nominee for election to the Board, including:

- High personal and professional ethics, integrity, practical wisdom and mature judgment;
- Broad training and experience in policy-making decisions in business;
- Expertise that is useful to the Company, and complementary to the background and experience of other directors;
- Willingness to devote the amount of time necessary to carry out the duties and responsibilities as a director;
- Commitment to serve on the Board over a period of several years in order to develop knowledge about the Company's principal operations;
- Diversity of background (including, but not limited to, race, origin, age, gender, experiences and skill sets);
- Willingness to represent the best interests of all shareholders and objectively appraise management performance; and
- Whether the individual meets the Company's independence requirements.

Potential candidates are screened and interviewed by a selection committee appointed by the Corporate Governance and Nominating Committee. All members of the Board may interview the final candidates. The same identifying and evaluating procedures apply to all candidates for director nomination, including candidates submitted by shareholders.

The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the criteria it believes appropriate for membership to the Board.

6. Compensation

The Board sets the level of compensation for directors, based on the recommendation of the Compensation Committee. The Board believes that a meaningful portion of director compensation should be in the form of the Company's Common Stock, to directly correlate directors' and shareholders' economic interests. Directors who are also current employees of the Company receive no additional compensation for services as directors.

The Compensation Committee reviews periodically the amount and form of compensation paid to directors, taking into account the compensation paid to directors of other comparable companies. The Committee conducts its review with the assistance of outside consultants in the field of executive compensation. Changes in Board compensation are made upon the recommendation of the Compensation Committee, with full discussion and concurrence by the Board.

7. Stock Ownership Program – Directors and Executive Officers

In order to further align the directors' and executive officers' interests with those of the Company's shareholders, the Board has established a stock ownership program that requires each non-employee director to own shares of the Company's Common Stock with a market value of at least $150,000 no later than the third anniversary of the director joining the Board. The Board has also established a stock ownership program that requires the CEO to own shares of the Company's Common Stock with a value of at least three times his or her annual base salary. The program also requires all other named executive officers to own the shares of Company's Common Stock with a value equal to at least their annual base salary. For both the CEO and other named officers, these requirements are to be met within three years of being named to their role.

8. Standing Board Limits

Board members are limited to serving on a maximum of four public company boards including the Company. The acceptance by a director to serve on a public company board, other than the Company, is considered to meet the intent of section 4.c. as a substantial business association change, and as such the procedures of section 4.c. apply.

The Board has carefully considered the matter of director tenure, including but not limited to Board composition and experience, the Company's business structure challenges and opportunities, and shareholders' needs and expectations. The Board has concluded that the interests of the Company and its shareholders are best met by the Corporate Governance and Nominating Committee's formally reviewing each director's continuation on the Board, in the context of all of the above factors, near the end of the director's existing term and prior to recommending that director to the full Board for nomination for election to another term.

9. Access to Management and Independent Advisors

Members of the Board have complete access to Company management and the Company's outside advisors. The Board and its committees have the right to retain independent outside financial, legal or other advisors, as necessary and appropriate consistent with each committee's charter. The Company bears the cost of retaining these independent advisors.

10. Attendance of Non-Directors at Board Meetings

The Board sees value in inviting the regular attendance at Board meetings, or certain portions thereof, of non-directors who are executive officers of the Company. In addition, the Chairman may, as circumstances warrant, invite other members of management to attend Board or committee meetings or appropriate portions thereof.

11. Board Interaction with Institutional Investors, the Press, and Customers

The Board believes that management speaks for the Company. While individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, it is expected that Board members would do this with the knowledge of management. Furthermore, absent unusual circumstances, Board members should only engage with such parties at the request of management. Directors should refer all inquiries from institutional investors, analysts, the press or customers to management.

12. Communications with Directors

Shareholders and other interested parties wishing to communicate with the Company's Board may do so by sending a written communication addressed to the Lead Independent Director or to any member of the Board individually in care of II-VI Incorporated, 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056. Any communication addressed to a director that is received at the Company's principal executive offices will be delivered or forwarded to the individual director as soon as practical. The Company will forward all communications received from its shareholders that are simply addressed to the Board, to the Chairman, the Lead Independent Director and the chair of the committee of the Board whose purpose and function is most closely related to the subject matter of the communication.

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