

Ternium S.A.
Form 6-K
October 05, 2010

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

**Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934**

As of 10/04/2010

Ternium S.A.

(Translation of Registrant's name into English)

**Ternium S.A.
46a, Avenue John F. Kennedy 2nd floor**

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L-1855 Luxembourg

(352) 4661-11-3815

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Not applicable

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.

This report contains Ternium S.A.'s press release informing Ternium and Nippon Steel Corporation sign definitive agreements to establish a joint venture in Mexico.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TERNIUM S.A.

By: /s/ Pablo Brizzio
Name: Pablo Brizzio
Title: Chief Financial Officer

By: /s/ Daniel Novegil
Name: Daniel Novegil
Title: Chief Executive Officer

Dated: October 5, 2010

Sebastián Martí

Ternium - Investor Relations

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www.ternium.com

Ternium and Nippon Steel Corporation Sign Definitive Agreement to Establish a Joint Venture in Mexico

Luxembourg, October 4, 2010 □ Ternium S.A. (NYSE: TX) and Nippon Steel Corporation announced today that they have signed a definitive agreement to form a joint venture in Mexico for the manufacturing and sale of hot-dip galvanized and galvanized steel sheets to serve the Mexican automobile market. The joint venture will operate under the name of Tenigal SRL de CV (Tenigal). Ternium and Nippon Steel will hold 51% and 49% participations in Tenigal, respectively.

Tenigal plans to build a hot-dip galvanizing plant in the vicinity of Monterrey City (equivalent to the state-of-the-art equipment now in operation at Nippon Steel's steelworks in Japan) with a production capacity of 400,000 metric tons per year. Construction of the facility would require a total investment of approximately US\$350 million. The plant is expected to commence production of high-grade and high-quality galvanized and galvanized automotive steel sheets, including outer-panel and high-strength qualities, in 2013.

The Mexican automobile market is a growing and important market for both Nippon Steel and Ternium, and continued growth is anticipated in the future. Tenigal is expected to serve the demanding requirements of the automotive industry in Mexico, including those of the Japanese car makers.

Forward Looking Statements

SIGNATURE

Some of the statements contained in this press release are [forward-looking statements]. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to gross domestic product, related market demand, global production capacity, tariffs, cyclicalities in the industries that purchase steel products and other factors beyond Ternium's control.

About Nippon Steel

Nippon Steel, with its consolidated annual crude steel production of 40 million metric tons, is one of the leading steelmakers in the world. By virtue of its technical expertise of the world's highest level, which keeps on advancing day by day, and deployment of global and domestic strategic alliances, the company holds an unchallenged position in the global market of high-end steel products. More information about Nippon Steel is available at <http://www.nsc.co.jp/en/index.html>.

About Ternium

Ternium is a leading steel company in Latin America, manufacturing and processing a wide range of flat and long steel products for customers active in the construction, home appliances, capital goods, container, food, energy and automotive industries. With its principal operations in Mexico and Argentina, Ternium serves markets in the Americas through its integrated manufacturing system and extensive distribution network. The Company has an annual production capacity of approximately ten million tons of finished steel products. More information about Ternium is available at www.ternium.com.

E="Times New Roman" SIZE="2">\$226,000 226,000

Audit-Related Fees (1)

7,000 4,000

Tax Fees (2)

284,000 367,000

All Other Fees

Total Fees

\$517,000 \$536,000

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- (1) Audit-related fees represented audits of the Company's Profit Sharing Plan.
- (2) Tax fees consisted of fees for tax compliance and consulting services including transfer pricing studies and corporate reorganizations.

The Audit Committee pre-approves the retention of the auditors, and the auditor's fees for all audit and non-audit services provided by the auditor and determines whether the provision of non-audit services is compatible with maintaining the independence of the auditor.

SHAREHOLDER PROPOSAL

The Company received a shareholder proposal from Mr. James Hollister. Mr. Hollister requested that the Company include the proposal in this proxy statement. Following SEC rules, other than minor formatting changes, the Company is reprinting the proposal and supporting statements as they were submitted to us. The Company takes no responsibility for Mr. Hollister's proposal, which is as follows:

The shareholders of II-VI Incorporated request that the Board of Directors rescind the so-called Shareholder Rights Plan passed by the Board of Directors and announced to the public August 14, 2001 and refrain from passing future such resolutions unless previously approved by a majority of the shareholders.

In my opinion, the Board resolution may make a hostile takeover of II-VI Incorporated very difficult. In my view, II-VI Incorporated already had mechanisms in place which may have made a hostile takeover difficult. Management currently owns over 19% of outstanding stock, and management's continued employment could be considered important to the future success of a high-tech company such as II-VI Incorporated. Also, elections of the II-VI Incorporated's Board of Directors are staggered and, under Pennsylvania Business Corporation Law Section 515, the board may consider the interests of all stakeholders when evaluating takeover proposals. In my opinion, it makes no sense to risk depressing demand for II-VI common stock via a needless impairment of shareholder rights.

BOARD OF DIRECTORS STATEMENT OF OPPOSITION

The Board of Directors recommends a vote AGAINST the shareholder proposal for the following reasons:

The Board of Directors believes that our Shareholder Rights Plan better enables the Board to act in the best interests of the Company, taking into account all pertinent factors, including (i) the interests of the Company's shareholders, customers, employees, creditors, suppliers and the communities in which it is located, (ii) the short-term and long-term interests of the Company, including benefits that may accrue to the Company from its long-term plans and the possibility that those interests may be best served by the continued independence of the Company and (iii) the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Company.

Contrary to the proponent's contentions, the Shareholder Rights Plan is not intended to deter a friendly takeover of the Company, and will not operate to do so. The Shareholder Rights Plan will not interfere with a merger or other business combination transaction approved by the Company's Board of Directors. The existence of the Shareholder Rights Plan should not affect any prospective bidder making an offer at a full and fair price that is willing to negotiate with the Board of Directors. To the contrary, past studies have shown that in many cases premiums paid to acquire target companies with rights plans were higher than premiums paid to target companies without rights plans and that rights plans do not reduce the likelihood of a company becoming an acquisition target.

The Shareholder Rights Plan is designed to deal with a very specific and serious problem. It operates to deter unilateral actions by hostile acquirers which are calculated to deprive the Company and its shareholders of their ability to determine the destiny of the Company. The Board of Directors believes that the maintenance of our Shareholder Rights Plan is essential to preventing hostile takeovers that are not in the best interest of the Company, including takeovers that are abusive, coercive or unfair (because the price offered to shareholders is inadequate or otherwise detrimental). Our Shareholder Rights Plan provides an additional degree of control in these situations and permits the Board to exercise its fiduciary duties to act in the best interests of the Company.

In summary, this proposal would deny the Board the degree of control and flexibility, which is necessary to effectively respond to hostile bids, so as to act in the best interests of the Company. Additionally, requiring the Board to seek shareholder approval with respect to future resolutions concerning shareholder rights plans would undermine the Board's ability to quickly respond to hostile takeover bids in a manner which most effectively protects the interests of the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THE SHAREHOLDER PROPOSAL FOR THE REASONS DISCUSSED ABOVE.

**FORM 10-K ANNUAL REPORT TO THE SECURITIES
AND EXCHANGE COMMISSION**

A copy of the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2003, as filed with the Securities and Exchange Commission is included in the Annual Report to Shareholders which is being furnished with this proxy statement. A shareholder may obtain additional copies of the Form 10-K without charge and a copy of any exhibits thereto upon payment of a reasonable charge limited to the Company's costs of providing such exhibits by writing to Craig A. Creaturo, Chief Accounting Officer and Treasurer of II-VI Incorporated, 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056.

OTHER MATTERS

The Company knows of no other matters to be presented for action at the meeting. However, if any other matters should properly come before the meeting it is intended that votes will be cast pursuant to the proxy in respect thereto in accordance with the best judgment of the persons acting as proxies.

The Company will pay the expense in connection with the printing, assembling and mailing to the holders of capital stock of the Company the notice of meeting, this proxy statement and the accompanying form of proxy. In addition to the use of the mails, proxies may be solicited by directors, officers or regular employees of the Company personally or by telephone or telegraph. The Company may request the persons holding stock in their names, or in the names of their nominees, to send proxy material to and obtain proxies from their principals, and will reimburse such persons for their expense in so doing.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who beneficially own more than ten percent of a class of the Company's registered equity securities to file with the Securities and Exchange Commission and deliver to the Company initial reports of ownership and reports of changes in ownership of such registered equity securities.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, the Company's directors, executive officers and more than ten percent shareholders filed all reports due under Section 16(a) for the period from July 1, 2002, through June 30, 2003, with the exception of a delinquent report by Carl J. Johnson of a private non-market purchase under a buy-sell agreement from a third party and a one-day delinquent report by Herman E. Reedy of a stock option transaction.

Shareholder Proposals

Proposals by shareholders intended for inclusion in the Company's proxy statement and form of proxy for the Annual Meeting of the Company expected to be held in November 2004 must be delivered to Robert D. German, Secretary of II-VI Incorporated, 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056, by June 2, 2004. Rules under the Securities Exchange Act of 1934, as amended, describe the standards as to the

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submission of shareholder proposals. Additionally, the Board-appointed proxies will have discretionary authority to vote on any proposals by shareholders that are not intended to be included in the Company's proxy materials for the 2004 Annual Meeting, but are intended to be presented by the shareholder from the floor, unless notice of the intent to make such proposal is received by Mr. German at the address above on or before August 16, 2004.

EXHIBIT A

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 be an active employee of the Company or any of its affiliates during the current year or any of 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 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. Qualification of Audit Committee members will require the Audit Committee to embody sufficient financial expertise as determined by the Board of Directors to perform its assigned oversight function of financial measures and controls. 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. The Chairman of the Audit Committee shall also review at least annually the suitability of the financial and other expertise of the Audit Committee in accordance with applicable statutory standards in effect at that time.

SIGNATURE

Article 3. Roles and Duties

It shall be the role of the Audit Committee to assist the Board of Directors in discharging its oversight responsibilities of the quality and integrity of the accounting, auditing 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 and maintenance of an effective financial control environment, in concert with the management of the Company, to support the Company's objectives through an appropriate system of risk assessment and internal controls.

The Audit Committee shall recommend to the Board of Directors the selection, appointment and, if necessary, replacement of a firm of independent auditors to perform an annual audit of the Company.

The Audit Committee shall preapprove 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 preapproval 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 notify the independent auditors of the Company at least annually that they have unrestricted access to the Audit Committee and the independent auditors are expected to keep the Audit Committee informed in a timely manner regarding any significant audit findings.

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.

The independent auditor shall report the following to the Audit Committee prior to the filing of audit reports with the Securities and Exchange Commission (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 the auditors' findings and the 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.

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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 review at least annually with management and the Board of Directors the investor communication policies of the Company.

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 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.

February 7, 2003

EXHIBIT B

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. A majority 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 (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.

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The Compensation Committee shall approve 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 review and approve proposals made by the CEO and COO with regard to 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.

May 17, 2003

EXHIBIT C

II-VI INCORPORATED

NOMINATING AND CORPORATE GOVERNANCE

COMMITTEE CHARTER

Article 1. Organization

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

The Committee shall consist of a minimum of three members of the Board of Directors. A majority of the members of the Nominating and Corporate Governance Committee shall be independent directors.

One member of the Committee will serve as Chairman and shall be appointed by the Board of Directors upon the recommendation of the Nominating and Corporate Governance Committee. The Chairman of the Nominating and Corporate Governance Committee shall be responsible for leadership of the 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

The purpose of the Nominating and Corporate Governance Committee is to ensure that the Board of Directors is appropriately constituted to meet its fiduciary obligations to the shareholders and the Company. To accomplish this purpose, the Nominating and Corporate Governance Committee develops and implements policies and processes regarding corporate governance matters, assesses Board membership needs and makes recommendations regarding potential director candidates to the Board of Directors.

The responsibilities of the Committee shall be as follows:

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- a. Evaluate the current composition, organization and governance of the Board of Directors and its Committees, determine future requirements and make recommendations to the Board for approval.

- b. Determine desired board skills and attributes and conduct searches for prospective board members whose skills and attributes reflect those desired. Evaluate and propose nominees for election to the Board of Directors.

- c. Administer the Board performance evaluation process including conducting surveys of director observations, suggestions and preferences.

- d. Evaluate and make recommendations to the Board of Directors concerning the appointment of Directors to Board Committees and the selection of Board Committee Chairs.

- e. Monitor Board and Committee meeting schedules.

f. Evaluate and consider matters relating to the qualifications, compensation and retirement of Directors, including compliance with any rules and regulations issued by the National Association of Securities Dealers, Inc.

g. The Nominating and Corporate Governance Committee shall review and assess its performance on a periodic basis.

Article 4. Meetings

The Nominating and Corporate Governance Committee is expected to meet in person or by teleconference as often as it determines. All meetings will be called by the Chairman of the Nominating and Corporate Governance Committee, with the Committee having sole authority to invite members of the Company's management and others as determined necessary.

Article 5. Voting

Each member of the Nominating and Corporate Governance 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 Nominating and Corporate Governance 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.

May 17, 2003

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II-VI INCORPORATED

**THIS PROXY IS SOLICITED ON BEHALF OF THE
BOARD OF DIRECTORS OF THE COMPANY**

The undersigned hereby appoints Carl J. Johnson and Thomas E. Mistler or either of them, with power of substitution to each, as proxies to represent and to vote as designated on the reverse all of the shares of Common Stock held of record at the close of business on September 10, 2003 by the undersigned at the annual meeting of shareholders of II-VI Incorporated to be held at the Treesdale Golf & Country Club, One Arnold Palmer Drive, Gibsonia, Pennsylvania 15044, on November 7, 2003, and at any adjournment thereof.

(PLEASE SIGN ON REVERSE SIDE AND RETURN PROMPTLY)

**Please date, sign and mail your
proxy card back as soon as possible!**

**Annual Meeting of Shareholders
II-VI INCORPORATED.**

November 7, 2003

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSALS NUMBERED 1 AND 2 AND AGAINST THE PROPOSAL NUMBERED 3.

X

Please mark your votes as in this example.

1. ELECTION OF CLASS ONE DIRECTORS

FOR

..

WITHHOLD

SIGNATURE

AUTHORITY

••

Nominees:

Duncan A.J. Morrison

Marc Y.E. Pelaez

FOR, except vote withheld from the following nominee(s):

2. Ratification of the Board of Directors selection of Deloitte & Touche LLP as auditors for the Company and its subsidiaries for the 2004 fiscal year.

FOR

••

AGAINST

••

ABSTAIN

••

3. A shareholder proposal

••

••

••

Unless otherwise specified in the squares provided, the proxies shall vote in the election of directors for the nominees listed at left hereof, for ratification of the selection of Deloitte & Touche LLP as auditors and against the shareholder proposal. Proxies also shall have discretionary power to vote upon such other matters as may properly come before the meeting or any adjournment thereof.

A majority of such proxies who shall be present and shall act at the meeting (or if only one shall be present and act, then that one) may exercise all powers hereunder.

PLEASE MARK, SIGN, DATE AND RETURN IMMEDIATELY.

SIGNATURE

Date: _____, 2003

SIGNATURE IF HELD JOINTLY

Date: _____, 2003

Important: Shareholders sign here exactly as name appears hereon.