II-VI INC
Form 424B3
February 08, 2019
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Registration No. 333-229052

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

February 7, 2019

Dear Shareholders of II-VI Incorporated and Stockholders of Finisar Corporation:

II-VI Incorporated (II-VI) and Finisar Corporation (Finisar) have entered into an Agreement and Plan of Merger, dated as of November 8, 2018 (the Merger Agreement). Pursuant to the terms of the Merger Agreement, Mutation Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of II-VI, will be merged with and into Finisar, and Finisar will continue as the surviving corporation in the merger and a wholly owned subsidiary of II-VI (the Merger).

If the Merger is consummated as described in the accompanying joint proxy statement/prospectus, Finisar stockholders will be entitled to receive, at their election, consideration per share of common stock of Finisar (the Finisar Common Stock) consisting of (i) $26.00 in cash, without interest (subject to the proration adjustment procedures described in the accompanying joint proxy statement/prospectus, the Cash Election Consideration), (ii) 0.5546 validly issued, fully paid and nonassessable shares of II-VI common stock (the shares, the II-VI Common Stock, and the consideration, subject to the proration adjustment procedures described in the accompanying joint proxy statement/prospectus, the Stock Election Consideration, respectively), or (iii) a combination of $15.60 in cash, without interest, and 0.2218 validly issued, fully paid and nonassessable shares of II-VI Common Stock (the Mixed Election Consideration, and, together with the Cash Election Consideration and the Stock Election Consideration, the Merger Consideration). If no election is made as to a share of Finisar Common Stock, the holder of that share will receive the Mixed Election Consideration. The Cash Election Consideration and the Stock Election Consideration are subject to proration adjustment pursuant to the terms of the Merger Agreement such that the aggregate Merger Consideration will consist of approximately 60% cash and approximately 40% II-VI Common Stock (with the II-VI Common Stock valued at the closing price as of November 8, 2018), as further described under the heading The Merger Agreement Merger Consideration beginning on page 140 of the accompanying joint proxy statement/prospectus.

Based on the closing price for II-VI Common Stock on the Nasdaq Global Select Market on February 7, 2019, the most recent practicable date for which such information was available, the Stock Election Consideration represented approximately $20.26 in value per share of Finisar Common Stock (before giving effect to any proration adjustment), and the Mixed Election Consideration represented approximately $23.70 in value per share of Finisar Common Stock. The Cash Election Consideration represents a premium of approximately 37.7% over the closing price for Finisar

Common Stock on the Nasdaq Global Select Market on November 8, 2018 (before giving effect to any proration adjustment). The value of the Stock Election Consideration and Mixed Election Consideration will fluctuate based on the market price of II-VI Common Stock until the completion of the Merger. Shares of II-VI Common Stock are traded on the Nasdaq Global Select Market under the ticker symbol IIVI, and shares of Finisar Common Stock are traded on the Nasdaq Global Select Market under the ticker symbol FNSR. We urge you to obtain current market quotations for the shares of II-VI Common Stock and Finisar Common Stock.

Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the treatment of shares of Finisar Common Stock and Finisar equity awards in the Merger, and assuming no conversions of the Finisar Convertible Notes, II-VI expects to issue approximately 26.38 million shares of II-VI Common Stock to holders of Finisar Common Stock and Finisar equity awards upon completion of the Merger. The actual number of shares of II-VI Common Stock to be issued upon completion of the Merger will be determined at the completion of the Merger based on, among other things, the number of shares of Finisar

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Common Stock outstanding at that time. Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the number of shares of II-VI Common Stock outstanding as of February 5, 2019, it is expected that, immediately after completion of the Merger, former holders of Finisar Common Stock and Finisar equity awards will own approximately 29.27% of the outstanding shares of II-VI Common Stock.

At the special meeting of II-VI shareholders described in the accompanying joint proxy statement/prospectus (the II-VI Special Meeting), II-VI shareholders will be asked to consider and vote on the following matters:

- a proposal to approve the issuance of II-VI Common Stock in connection with the Merger (the Share Issuance Proposal); and
- a proposal to approve adjournments of the II-VI Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the Share Issuance Proposal (the II-VI Adjournment Proposal).

Approval of the Share Issuance Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast (assuming a quorum is present). This vote will satisfy the vote requirements of Listing Rule 5635(d) of the Nasdaq Stock Market with respect to the Share Issuance Proposal. Approval of the II-VI Adjournment Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast, whether or not a quorum is present.

At the special meeting of Finisar stockholders described in the accompanying joint proxy statement/prospectus (the Finisar Special Meeting), Finisar stockholders will be asked to consider and vote on the following matters:

- a proposal to adopt the Merger Agreement (the Merger Proposal);
- a proposal to approve adjournments of the Finisar Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to approve the Merger Proposal (the Finisar Adjournment Proposal); and
- a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the Merger contemplated by the Merger Agreement and the agreements and understandings pursuant to which such compensation may be paid or become payable (the Compensation Proposal).

Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of Finisar Common Stock. Approval of the Finisar Adjournment Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. Approval of the Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting.

The Merger cannot be completed unless, among other things, II-VI shareholders approve the Share Issuance Proposal and Finisar stockholders approve the Merger Proposal. **Your vote is very important, regardless of the number of**

shares you own. Even if you plan to attend the II-VI Special Meeting or the Finisar Special Meeting, as applicable, in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy or voting instruction card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the II-VI Special Meeting or Finisar Special Meeting, as applicable, to ensure that your shares will be represented at the II-VI Special Meeting or the Finisar Special Meeting, as applicable, if you are unable to attend. If you hold your shares in street name through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares.

After careful consideration, the II-VI board of directors unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger

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and the issuance of shares of II-VI Common Stock issuable in connection with the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of II-VI and its shareholders. The II-VI board of directors accordingly unanimously recommends that II-VI shareholders vote FOR each of the Share Issuance Proposal and the II-VI Adjournment Proposal.

After careful consideration, the Finisar board of directors, by unanimous vote, approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of Finisar and its stockholders. The Finisar board of directors accordingly recommends that Finisar stockholders vote FOR each of the Merger Proposal, the Finisar Adjournment Proposal and the Compensation Proposal. In considering the recommendation of the Finisar board of directors, you should be aware that directors and executive officers of Finisar have certain interests in the Merger that may be different from, or in addition to, the interests of Finisar stockholders generally. See the sections entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers beginning on page 189 of the accompanying joint proxy statement/prospectus and Interests of Finisar s Directors and Executive Officers in the Merger beginning on page 166 of the accompanying joint proxy statement/prospectus for a more detailed description of these interests.

We urge you to read the accompanying joint proxy statement/prospectus, including the annexes and the documents incorporated by reference, carefully and in its entirety. **In particular, we urge you to read carefully the section entitled Risk Factors beginning on page 48 of the accompanying joint proxy statement/prospectus.**

On behalf of the respective boards of directors of II-VI and Finisar, thank you for your consideration and continued support.

Sincerely,

Francis J. Kramer	Robert N. Stephens
Chairman of the Board	Chairman of the Board
II-VI Incorporated	Finisar Corporation

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE TRANSACTIONS DESCRIBED IN THE ATTACHED JOINT PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER DESCRIBED UNDER THE ATTACHED JOINT PROXY STATEMENT/PROSPECTUS NOR HAVE THEY DETERMINED IF THE ATTACHED JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The accompanying joint proxy statement/prospectus is dated February 7, 2019 and is first being mailed to II-VI shareholders and Finisar stockholders on or about February 14, 2019.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholders of II-VI Incorporated:

You are cordially invited to attend a special meeting of II-VI Incorporated (II-VI) shareholders. The special meeting, as described in the accompanying joint proxy statement/prospectus (the II-VI Special Meeting), will be held on March 26, 2019, at 2:00 p.m. local time, at 5000 Ericsson Drive, Warrendale, Pennsylvania 15086, to consider and vote on the following matters:

1. a proposal to approve the issuance of II-VI common stock, no par value (II-VI Common Stock), in connection with the merger contemplated by the Agreement and Plan of Merger, dated as of November 8, 2018, as may be amended from time to time (the Merger Agreement), by and among II-VI, a Pennsylvania corporation, Mutation Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of II-VI, and Finisar Corporation (Finisar), a Delaware corporation (the Share Issuance Proposal); and

2. a proposal to approve adjournments of the II-VI Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the Share Issuance Proposal (the II-VI Adjournment Proposal).

The record date for the II-VI Special Meeting is February 5, 2019 (the II-VI Record Date). Only shareholders of record of II-VI as of the close of business on the II-VI Record Date are entitled to notice of, and to vote at, the II-VI Special Meeting and any adjournments or postponements thereof. The merger contemplated by the Merger Agreement (the Merger) cannot be completed unless the Share Issuance Proposal receives the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast (assuming a quorum is present). Approval of the II-VI Adjournment Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast, whether or not a quorum is present. **Your vote is very important, regardless of the number of shares of II-VI Common Stock that you own.**

The II-VI board of directors unanimously recommends that you vote FOR each of the Share Issuance Proposal and the II-VI Adjournment Proposal.

EVEN IF YOU PLAN TO ATTEND THE II-VI SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET PRIOR TO THE II-VI SPECIAL MEETING TO ENSURE THAT YOUR SHARES OF II-VI COMMON STOCK WILL BE REPRESENTED AT THE II-VI SPECIAL MEETING IF YOU ARE UNABLE TO ATTEND. IF YOU HOLD YOUR SHARES IN STREET NAME THROUGH A BANK, BROKERAGE FIRM OR OTHER NOMINEE, YOU SHOULD FOLLOW THE PROCEDURES PROVIDED BY YOUR BANK, BROKERAGE FIRM OR OTHER NOMINEE TO

VOTE YOUR SHARES. IF YOU ATTEND THE II-VI SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED.

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We urge you to read the accompanying joint proxy statement/prospectus, including all documents incorporated by reference into the accompanying joint proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger Agreement, the Merger or the other transactions contemplated thereby, the II-VI Special Meeting or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus, or need help submitting a proxy to vote, please contact II-VI:

II-VI Incorporated

375 Saxonburg Boulevard

Saxonburg, PA 16056

Attention: Mark Lourie

(724) 352-4455

By Order of the Board of Directors,

JO ANNE SCHWENDINGER
Chief Legal and Compliance Officer and Secretary

February 7, 2019

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FINISAR CORPORATION

1389 Moffett Park Drive

Sunnyvale, California 94089

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Dear Stockholders of Finisar Corporation:

You are cordially invited to attend a special meeting of Finisar Corporation (Finisar) stockholders. The special meeting, as described in the accompanying joint proxy statement/prospectus (the Finisar Special Meeting), will be held on March 26, 2019, at 11:00 a.m. local time, at 2765 Sand Hill Road, Menlo Park, California 94025, to consider and vote on the following matters:

1. a proposal to adopt the Agreement and Plan of Merger, dated as of November 8, 2018, as may be amended from time to time (the Merger Agreement), by and among II-VI Incorporated, a Pennsylvania corporation (II-VI), Mutation Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of II-VI, and Finisar, a Delaware corporation (the Merger Proposal);

2. a proposal to approve adjournments of the Finisar Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to approve the Merger Proposal (the Finisar Adjournment Proposal); and

3. a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the merger contemplated by the Merger Agreement and the agreements and understandings pursuant to which such compensation may be paid or become payable (the Compensation Proposal).

The record date for the Finisar Special Meeting is February 5, 2019 (the Finisar Record Date). Only stockholders of record of Finisar as of the close of business on the Finisar Record Date are entitled to notice of, and to vote at, the Finisar Special Meeting and any adjournments or postponements thereof. The merger contemplated by the Merger Agreement (the Merger) cannot be completed unless the Merger Proposal receives the affirmative vote of holders of a majority of the outstanding shares of Finisar common stock. Approval of the Finisar Adjournment Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. Approval of the Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. **Your vote is very important, regardless of the number of shares of Finisar common stock that you own.**

The Finisar board of directors unanimously recommends that you vote FOR each of the Merger Proposal, the Finisar Adjournment Proposal and the Compensation Proposal. In considering the recommendation of the Finisar board of directors, you should be aware that directors and executive officers of Finisar have certain interests in the Merger that may be different from, or in addition to, the interests of Finisar stockholders generally. See the sections entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related

Compensation for Finisar s Named Executive Officers beginning on page 189 of the accompanying joint proxy statement/prospectus and Interests of Finisar s Directors and Executive Officers in the Merger beginning on page 166 of the accompanying joint proxy statement/prospectus for a more detailed description of these interests.

EVEN IF YOU PLAN TO ATTEND THE FINISAR SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET PRIOR TO THE FINISAR SPECIAL MEETING TO ENSURE THAT YOUR SHARES OF FINISAR COMMON STOCK

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WILL BE REPRESENTED AT THE FINISAR SPECIAL MEETING IF YOU ARE UNABLE TO ATTEND. IF YOU HOLD YOUR SHARES IN STREET NAME THROUGH A BANK, BROKERAGE FIRM OR OTHER NOMINEE, YOU SHOULD FOLLOW THE PROCEDURES PROVIDED BY YOUR BANK, BROKERAGE FIRM OR OTHER NOMINEE TO VOTE YOUR SHARES. IF YOU ATTEND THE FINISAR SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED.

We urge you to read the accompanying joint proxy statement/prospectus, including all documents incorporated by reference into the accompanying joint proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger Agreement, the Merger or the other transactions contemplated thereby, the Finisar Special Meeting or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus, or need help submitting a proxy to vote, please contact:

Finisar Corporation

1389 Moffett Park Drive

Sunnyvale, CA 94089

Attention: Investor Relations

(408) 548-1000

OR

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Banks and Brokers, call collect: (212) 269-5550

All others, call toll free: (866) 356-7813

Email: FNSR@dfking.com

By Order of the Board of Directors,

CHRISTOPHER E. BROWN
Executive Vice President, Chief Counsel and Secretary

February 7, 2019

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REFERENCES TO ADDITIONAL INFORMATION

The accompanying joint proxy statement/prospectus incorporates important business and financial information about II-VI and Finisar from other documents that II-VI Incorporated (II-VI) and Finisar Corporation (Finisar) have filed with the U.S. Securities and Exchange Commission (the SEC) that are not included in or delivered with the accompanying joint proxy statement/prospectus. For a listing of documents incorporated by reference into the accompanying joint proxy statement/prospectus, please see the section entitled Where You Can Find More Information beginning on page 223 of the accompanying joint proxy statement/prospectus. This information is available for you to review through the SEC s website at www.sec.gov.

You may request copies of the accompanying joint proxy statement/prospectus and any of the documents incorporated by reference into the accompanying joint proxy statement/prospectus or other information concerning II-VI, without charge, by written or telephonic request directed to II-VI Incorporated, 375 Saxonburg Boulevard, Saxonburg, PA 16056, Attention: Mark Lourie, Telephone (724) 352-4455.

You may also request a copy of the accompanying joint proxy statement/prospectus and any of the documents incorporated by reference into the accompanying joint proxy statement/prospectus or other information concerning Finisar, without charge, by written or telephonic request directed to Finisar Corporation, 1389 Moffett Park Drive, Sunnyvale, CA 94089, Attention: Investor Relations, Telephone (408) 548-1000.

In order for you to receive timely delivery of the documents in advance of the special meeting of II-VI shareholders or Finisar stockholders, as applicable, you must request the information no later than five business days prior to the date of the applicable special meeting (i.e., by March 19, 2019).

ABOUT THE ACCOMPANYING JOINT PROXY STATEMENT/PROSPECTUS

The accompanying document, which forms part of a registration statement on Form S-4 filed with the SEC by II-VI (File No. 333-229052), constitutes a prospectus of II-VI under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the shares of common stock, no par value, of II-VI (II-VI Common Stock) to be issued pursuant to the Agreement and Plan of Merger, dated as of November 8, 2018, as it may be amended from time to time (the Merger Agreement), by and among II-VI, Mutation Merger Sub Inc. (Merger Sub) and Finisar. The accompanying document also constitutes a joint proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended. It also constitutes a notice of meeting with respect to the special meeting of II-VI shareholders described in the accompanying joint proxy statement/prospectus and a notice of meeting with respect to the special meeting of Finisar stockholders described in the accompanying joint proxy statement/prospectus.

II-VI has supplied all information contained or incorporated by reference into the accompanying joint proxy statement/prospectus relating to II-VI and Merger Sub, as well as all pro forma financial information, and Finisar has supplied all such information relating to Finisar.

II-VI and Finisar have not authorized anyone to provide you with information other than the information that is contained in, or incorporated by reference into, the accompanying joint proxy statement/prospectus. II-VI and Finisar take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you. The accompanying joint proxy statement/prospectus is dated February 7, 2019, and you should not assume that the information contained in the accompanying joint proxy statement/prospectus is accurate as of any date other than such date. Further, you should not assume that the information incorporated by reference into the accompanying joint proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this joint proxy statement/prospectus to II-VI shareholders or Finisar stockholders, nor the issuance by

II-VI of shares of II-VI Common Stock in connection with the Merger Agreement will create any implication to the contrary.

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Unless otherwise indicated or as the context otherwise requires, all references in the accompanying joint proxy statement/prospectus to:

2033 Notes means the outstanding 0.50% Convertible Senior Notes due 2033 of Finisar;

2036 Notes means the outstanding 0.50% Convertible Senior Notes due 2036 of Finisar;

Compensation Proposal means the proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the Merger contemplated by the Merger Agreement and the agreements and understandings pursuant to which such compensation may be paid or become payable;

DGCL means the General Corporation Law of the State of Delaware;

Exchange Act means the Securities Exchange Act of 1934, as amended;

Exchange Agent means American Stock Transfer and Trust Company;

Finisar means Finisar Corporation, a Delaware corporation;

Finisar Adjournment Proposal means the proposal to approve adjournments of the Finisar Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to approve the Merger Proposal;

Finisar Convertible Notes means the 2033 Notes and the 2036 Notes, together;

Finisar Board means the Board of Directors of Finisar;

Finisar Bylaws means the Amended and Restated Bylaws of Finisar;

Finisar Charter means the Restated Certificate of Incorporation of Finisar;

Finisar Common Stock means the common stock, $0.001 par value, of Finisar;

Finisar Special Meeting means the special meeting of Finisar s stockholders described in the accompanying joint proxy statement/prospectus;

II-VI means II-VI Incorporated, a Pennsylvania corporation;

II-VI Adjournment Proposal means the proposal to approve adjournments of the II-VI Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the Share Issuance Proposal;

II-VI Board means the Board of Directors of II-VI;

II-VI By-Laws means the Amended and Restated By-Laws of II-VI;

II-VI Charter means the Amended and Restated Articles of Incorporation of II-VI;

II-VI Common Stock means the common stock, no par value, of II-VI;

II-VI Special Meeting means the special meeting of II-VI s shareholders described in the accompanying joint proxy statement/prospectus;

Merger means the merger of Merger Sub with and into Finisar in accordance with the terms of the Merger Agreement, with Finisar surviving the merger and becoming a wholly owned subsidiary of II-VI;

Merger Agreement means the Agreement and Plan of Merger, dated as of November 8, 2018, as it may be amended from time to time, by among II-VI, Merger Sub and Finisar, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus;

Merger Proposal means the proposal that Finisar stockholders adopt the Merger Agreement;

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Merger Sub means Mutation Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of II-VI;

Securities Act means the Securities Act of 1933, as amended;

Share Issuance Proposal means the proposal that II-VI shareholders approve the issuance of II-VI Common Stock in connection with the Merger;

Special Meetings means the II-VI Special Meeting and the Finisar Special Meeting, collectively; and

Surviving Corporation means Finisar, as the surviving corporation in the Merger.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following questions and answers are intended to briefly address some commonly asked questions regarding the Merger and matters to be addressed at the Special Meetings. These questions and answers may not address all questions that may be important to II-VI shareholders and Finisar stockholders. Please refer to the section entitled Summary beginning on page 20 of this joint proxy statement/prospectus and the more detailed information contained elsewhere in this joint proxy statement/prospectus, the annexes to this joint proxy statement/prospectus and the documents referred to in this joint proxy statement/prospectus, which you should read carefully and in their entirety. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions under the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus and what am I being asked to vote on?

A: On November 8, 2018, II-VI, Merger Sub and Finisar entered into the Merger Agreement that is described in this joint proxy statement/prospectus. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference herein. In order to complete the Merger, among other things, II-VI shareholders must approve the Share Issuance Proposal and Finisar stockholders must approve the Merger Proposal.

II-VI is holding the II-VI Special Meeting to obtain the requisite approval of its shareholders for the Share Issuance Proposal. The Merger cannot be completed unless, among other things, the Share Issuance Proposal receives the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast (assuming a quorum is present). In addition, II-VI shareholders also will be asked to approve the II-VI Adjournment Proposal.

Finisar is holding the Finisar Special Meeting to obtain the requisite approval of its stockholders for the Merger Proposal. The Merger cannot be completed unless, among other things, the Merger Proposal receives the affirmative vote of holders of a majority of the outstanding shares of Finisar Common Stock. In addition, Finisar stockholders also will be asked to approve the Finisar Adjournment Proposal and the Compensation Proposal.

This joint proxy statement/prospectus serves as a proxy statement of II-VI, a proxy statement of Finisar and a prospectus of II-VI in connection with the issuance of shares of II-VI Common Stock as part of the aggregate Merger Consideration (as defined below).

Your vote is very important. We encourage you to complete, sign, date and submit a proxy card to vote your shares of II-VI Common Stock or Finisar Common Stock, as applicable, as soon as possible.

For more information regarding the II-VI Special Meeting, the Share Issuance Proposal, and the II-VI Adjournment Proposal, see the section entitled Information About the II-VI Special Meeting beginning on page 71 of this joint proxy statement/prospectus. For more information regarding the Finisar Special Meeting, the Merger Proposal, the Finisar Adjournment Proposal, and the Compensation Proposal, see the section entitled Information About the Finisar Special Meeting beginning on page 65 of this joint proxy statement/prospectus.

Q: What will happen in the Merger?

A: If each of the requisite conditions to closing under the Merger Agreement is satisfied or waived, Merger Sub will merge with and into Finisar in the Merger, and Finisar will continue as the surviving corporation, and become a wholly owned subsidiary of II-VI. Following the effective time of the Merger (the Effective Time), Finisar Common Stock will be delisted from the Nasdaq Global Select Market, deregistered under the Exchange Act and cease to be publicly traded. See the section entitled The Merger Agreement Structure and Effects of the Merger beginning on page 139 of this joint proxy statement/prospectus and the Merger Agreement attached as Annex A to this joint proxy statement/prospectus for more information about the Merger.

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Q: What will Finisar stockholders receive if the Merger is completed?

A: At the Effective Time, each outstanding share of Finisar Common Stock (other than any (i) shares held by a Finisar stockholder who is entitled to demand, and has properly demanded, appraisal for such shares (Dissenting Stockholder Shares) and (ii) shares owned by II-VI or Finisar or any of their wholly owned subsidiaries (Excluded Shares)), will be converted into the right to receive, at the election of the holder of such share of Finisar Common Stock, consideration consisting of (i) $26.00 in cash, without interest (subject to the proration adjustment procedures described in this joint proxy statement/prospectus, the Cash Election Consideration), (ii) 0.5546 validly issued, fully paid and nonassessable shares of II-VI Common Stock (subject to the proration adjustment procedures described in this joint proxy statement/prospectus, the Stock Election Consideration), or (iii) a combination of $15.60 in cash, without interest, and 0.2218 validly issued, fully paid and nonassessable shares of II-VI Common Stock (the Mixed Election Consideration, and, together with the Cash Election Consideration and the Stock Election Consideration, the Merger Consideration). If no election is made as to a share of Finisar Common Stock, the holder of that share will receive the Mixed Election Consideration.

If you otherwise would be entitled to receive a fractional share of II-VI Common Stock as part of your Merger Consideration, you will receive cash in lieu of the fractional share of II-VI Common Stock to which you would otherwise be entitled, and you will not be entitled to dividends, voting rights or any other rights in respect of such fractional share. For more information regarding allocation and proration procedures, see the section entitled The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus.

Because the exchange ratios for the shares of II-VI Common Stock that will be issued in the Merger as part of the Stock Election Consideration and the Mixed Election Consideration are fixed and there will be no adjustment to such exchange ratios, the aggregate value of the Merger Consideration received by Finisar stockholders who receive II-VI Common Stock as Merger Consideration will depend on the then-current market price of shares of II-VI Common Stock at the Effective Time. As a result, the value of the Merger Consideration that Finisar stockholders will receive in the Merger could be greater than, less than, or the same as, the value of such Merger Consideration on the date of this joint proxy statement/prospectus or at the time of the Finisar Special Meeting.

For more information regarding the Stock Election Consideration, Cash Election Consideration, or Mixed Election Consideration, as applicable, to be provided to Finisar stockholders, see the section entitled The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus. For more information regarding election mechanics, see the sections entitled The Merger Agreement Election Procedures beginning on page 142 of this joint proxy statement/prospectus and The Merger Agreement Exchange Procedures beginning on page 143 of this joint proxy statement/prospectus.

Q: What will holders of Finisar Stock Options receive if the Merger is completed?

A: At the Effective Time, each option granted pursuant to Finisar s 2005 Stock Incentive Plan (each, a Finisar Stock Option) (or portion thereof) that is outstanding and unexercised will be cancelled and terminated and converted into the right to receive an amount of Mixed Election Consideration that would be payable to a holder of such number of shares of Finisar Common Stock equal to the quotient of (i) the product of (a) the excess, if any, of $26.00 over the exercise price per share of such Finisar Stock Option *multiplied by* (b) the number of shares of Finisar Common Stock subject to such Finisar Stock Option, *divided by* (ii) $26.00 (the Net Option Shares). Each Finisar Stock Option that is outstanding and unexercised as of immediately prior to the Effective Time with an

exercise price per share that is in excess of $26.00 will be cancelled and extinguished without any present or future right to receive the Merger Consideration or any other payment.

For more information regarding the treatment of holders of Finisar Stock Options, see the section entitled The Merger Agreement Treatment of Finisar Employee Stock Plans Stock Options beginning on page 144 of this joint proxy statement/prospectus.

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Q: What will holders of Finisar Restricted Stock Units receive if the Merger is completed?

A: As of the Effective Time, each restricted stock unit granted pursuant to Finisar s 2005 Stock Incentive Plan (each, a Finisar Restricted Stock Unit) (or portion thereof) that is outstanding and subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock will, to the extent such Finisar Restricted Stock Unit vests in accordance with its terms in connection with the Merger (the Participating RSUs), be cancelled and extinguished and converted into the right to receive the Cash Election Consideration, the Stock Election Consideration or the Mixed Election Consideration at the election of the holder of such Participating RSUs, subject to the proration adjustment procedures described in this joint proxy statement/prospectus (as applicable, the Cash Election RSUs, the Stock Election RSUs or the Mixed Election RSUs).

As of the Effective Time, each Finisar Restricted Stock Unit (or portion thereof) that is subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock but does not vest in accordance with its terms in connection with the Merger will be cancelled and extinguished without any right to receive the Merger Consideration or any other payment.

At the Effective Time, each Finisar Restricted Stock Unit (or portion thereof) that is outstanding and unvested and does not vest in accordance with its terms in connection with the Merger and is either (x) subject to time-based vesting requirements only or (y) subject to a performance-based vesting condition other than the value of Finisar Common Stock will be assumed by II-VI (each, an Assumed RSU). Each Assumed RSU will be subject to substantially the same terms and conditions as applied to the related Finisar Restricted Stock Unit immediately prior to the Effective Time, except that the number of shares of II-VI Common Stock subject to such Assumed RSU will be adjusted as described below under The Merger Agreement Treatment of Finisar Employee Stock Plans Restricted Stock Units.

For more information regarding the treatment of holders of Finisar Restricted Stock Units, see the section entitled The Merger Agreement Treatment of Finisar Employee Stock Plans Restricted Stock Units beginning on page 144 of this joint proxy statement/prospectus.

Q: I own shares of Finisar Common Stock or am otherwise entitled to elect my form of Merger Consideration. How do I make an election to receive Cash Election Consideration, Stock Election Consideration or Mixed Election Consideration for my shares of Finisar Common Stock or other equity awards?

A: Prior to the closing of the Merger, II-VI will provide a form of election to holders of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating RSUs) advising such holders of the procedure for exercising their right to make an election.

Elections to receive Cash Election Consideration (each, a Cash Election) and elections to receive Stock Election Consideration (each, a Stock Election) are subject to the proration adjustment procedures set forth in the Merger Agreement to ensure that the aggregate Merger Consideration will consist of approximately 60% cash and approximately 40% II-VI Common Stock (with the II-VI Common Stock valued at the closing price as of November 8, 2018).

For more information regarding the election procedures, see the section entitled The Merger Agreement Election Procedures beginning on page 142 of this joint proxy statement/prospectus.

Q: I own shares of Finisar Common Stock or am otherwise entitled to elect my form of Merger Consideration. What is the deadline for submitting my election?

A: To be effective, a form of election must be properly completed, signed and submitted to the Exchange Agent by the Election Deadline (as defined below). Each holder of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating

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RSUs) will have the right, subject to the terms of the Merger Agreement, to submit an election on or prior to 5:00 p.m., New York time, on the date that the parties to the Merger Agreement agree is as near as practicable to two business days prior to the closing date of the Merger (the Election Deadline). The parties to the Merger Agreement will cooperate to issue a press release announcing the Election Deadline not more than 15 business days before, and at least five business days prior to, the Election Deadline. Finisar stockholders are urged to promptly submit their properly completed and signed forms of election, together with the necessary transmittal materials, as soon as those materials become available, and not wait until the Election Deadline.

Q: I own shares of Finisar Common Stock or am otherwise entitled to elect my form of Merger Consideration. How can I change or revoke my election?

A: You can change or revoke your election before the Election Deadline by written notice that is sent to and received by the Exchange Agent prior to the Election Deadline accompanied by a properly completed and signed revised form of election.

Q: I own shares of Finisar Common Stock or am otherwise entitled to elect my form of Merger Consideration. What happens if I don t make an election?

A: A holder of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating RSUs) who makes no election or makes an untimely election, or is otherwise deemed not to have submitted an effective form of election, or who has validly revoked the holder s election but has not properly submitted a new duly completed form of election, will be deemed to have made an election to receive Mixed Election Consideration (a Mixed Election).

Q: I own shares of Finisar Common Stock. Can I sell my shares of Finisar Common Stock after I make my election?

A: Yes, but, after an election is validly made, any subsequent transfer of Finisar Common Stock will automatically revoke such election. Following such a revocation, unless a subsequent election is made, the holder of such shares will be deemed to have made a Mixed Election with respect to such shares, regardless of the subsequent holder s preference.

Q: I own shares of Finisar Common Stock or am otherwise entitled to elect my form of Merger Consideration. If I make a Cash Election or a Stock Election, under what circumstances will the Merger Consideration that I elect to receive be adjusted, and how will any proration adjustment be calculated?

A: If you make a Cash Election, the Merger Consideration that you will receive will be adjusted if the Cash Election Amount exceeds the Available Cash Election Amount, each as defined below. If the Cash Election Amount exceeds the Available Cash Election Amount, then the following Merger Consideration will be paid in respect of each share of Finisar Common Stock with respect to which a Cash Election was

made and not revoked or lost in accordance with the terms of the Merger Agreement (each, and as applicable with each Cash Election RSU, a Cash Electing Share):

an amount of cash equal to the quotient of (1) the Available Cash Election Amount *divided by* (ii) the number of Cash Electing Shares; and

a number of shares of II-VI Common Stock equal to the quotient of (1) the difference of the Available Stock Election Amount *less* the Stock Election Amount *divided by* (2) the number of Cash Electing Shares.

If you make a Stock Election, the Merger Consideration that you will receive will be adjusted if the Available Cash Election Amount exceeds the Cash Election Amount. If the Available Cash Election

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Amount exceeds the Cash Election Amount, then the following Merger Consideration will be paid in respect of each share of Finisar Common Stock with respect to which a Stock Election was made and not revoked or lost in accordance with the terms of the Merger Agreement (each, and as applicable with each Stock Election RSU, a Stock Electing Share):

an amount of cash equal to the quotient of (1) the difference of the Available Cash Election Amount *less* the Cash Election Amount *divided by* (2) the number of Stock Electing Shares; and

a number of shares of II-VI Common Stock equal to the quotient of (1) the Available Stock Election Amount *divided by* (2) the number of Stock Electing Shares.

The Available Cash Election Amount means (i) the product of $15.60 *multiplied by* the number of total outstanding shares of Finisar Common Stock as of the Effective Time (excluding the Excluded Shares, but including the number of Dissenting Stockholder Shares, Net Option Shares, and Participating RSUs) *minus* (ii) the aggregate amount of cash to be paid in respect of all shares of Finisar Common Stock with respect to which either a Mixed Election was made and not revoked or with respect to which no election was made (together with the Mixed Election RSUs, the Mixed Consideration Shares) (assuming that all Dissenting Stockholder Shares and all Net Option Shares are Mixed Consideration Shares).

The Available Stock Election Amount means (i) the product of 0.2218 *multiplied by* the number of total outstanding shares of Finisar Common Stock as of the Effective Time (excluding the Excluded Shares, but including the number of Dissenting Stockholder Shares, Net Option Shares, and Participating RSUs) *minus* (ii) the aggregate number of shares of II-VI Common Stock to be paid in respect of all Mixed Consideration Shares (assuming that all Dissenting Stockholder Shares and all Net Option Shares are Mixed Consideration Shares).

The Cash Election Amount means the product of (i) the number of Cash Electing Shares *multiplied by* (ii) the Cash Election Consideration (before giving effect to any proration adjustment).

The Stock Election Amount means the product of (i) the number of Stock Electing Shares *multiplied by* (ii) the Stock Election Consideration (before giving effect to any proration adjustment).

For more information regarding the proration adjustments, see the section entitled The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus.

Q: I own shares of Finisar Common Stock. What happens if I am eligible to receive a fraction of a share of II-VI Common Stock as part of the Merger Consideration?

A: If the aggregate number of shares of II-VI Common Stock that you are entitled to receive as part of the Merger Consideration includes a fraction of a share of II-VI Common Stock, you will receive cash in lieu of that fractional share. See the section entitled The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus.

Q: What equity stake will stockholders of Finisar as of immediately prior to the Merger hold in II-VI immediately following completion of the Merger?

A: Based on the number of shares of II-VI Common Stock and Finisar Common Stock expected to be outstanding immediately prior to the Effective Time, it is expected that former Finisar stockholders and holders of Finisar equity awards that will receive Merger Consideration will hold, in the aggregate, approximately 29.27% of the outstanding shares of II-VI Common Stock immediately following the Effective Time.

Q: Who is entitled to vote at the II-VI Special Meeting?

A: All holders of record of II-VI Common Stock as of the close of business on February 5, 2019, the record date for the II-VI Special Meeting (the II-VI Record Date), are entitled to receive notice of, and to vote at, the

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II-VI Special Meeting and any adjournments or postponements thereof. Each holder of II-VI Common Stock is entitled to cast one vote on each matter properly brought before the II-VI Special Meeting for each share of II-VI Common Stock that such holder owned of record as of the II-VI Record Date. See the section entitled Information About the II-VI Special Meeting Record Date, Outstanding Shares and Quorum beginning on page 71 of this joint proxy statement/prospectus.

Q: Who is entitled to vote at the Finisar Special Meeting?

A: All holders of record of Finisar Common Stock as of the close of business on February 5, 2019, the record date for the Finisar Special Meeting (the Finisar Record Date), are entitled to receive notice of, and to vote at, the Finisar Special Meeting and any adjournments or postponements thereof. Each holder of Finisar Common Stock is entitled to cast one vote on each matter properly brought before the Finisar Special Meeting for each share of Finisar Common Stock that such holder owned of record as of the Finisar Record Date. See the section entitled Information About the Finisar Special Meeting Record Date, Outstanding Shares and Quorum beginning on page 66 of this joint proxy statement/prospectus.

Q: What if I hold shares in both II-VI and Finisar?

A: If you are both a II-VI shareholder and a Finisar stockholder, you will receive separate packages of proxy materials from each company. A vote as a Finisar stockholder for the approval of the Merger Proposal (or any other proposal to be considered at the Finisar Special Meeting) will not constitute a vote as a II-VI shareholder to approve the Share Issuance Proposal (or any other proposal to be considered at the II-VI Special Meeting), and vice versa. Therefore, please complete, sign and date and return all proxy cards and/or voting instructions that you receive from II-VI or Finisar, or submit your proxy or voting instructions for each set of voting materials over the Internet or by telephone in order to ensure that all of your shares are voted.

Q: Does my vote matter?

A: Yes. The Merger cannot be completed unless, among other things, II-VI shareholders approve the Share Issuance Proposal at the II-VI Special Meeting and Finisar stockholders approve the Merger Proposal at the Finisar Special Meeting. The II-VI Board unanimously recommends that II-VI shareholders vote **FOR** the Share Issuance Proposal, and the Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Merger Proposal.

Q: When and where will the Special Meetings be held?

A: The II-VI Special Meeting will be held on March 26, 2019, at 2:00 p.m. local time, at 5000 Ericsson Drive, Warrendale, Pennsylvania 15086.

The Finisar Special Meeting will be held on March 26, 2019, at 11:00 a.m. local time, at 2765 Sand Hill Road, Menlo Park, California 94025.

If you are a II-VI shareholder of record or a Finisar stockholder of record and plan to attend the II-VI Special Meeting or the Finisar Special Meeting, as applicable, in person, please mark the appropriate box on the enclosed proxy card, or enter that information when submitting your voting instructions by telephone or Internet prior to the II-VI Special Meeting or the Finisar Special Meeting, as applicable. II-VI and Finisar would like to know by March 19, 2019 if you plan to attend the II-VI Special Meeting or the Finisar Special Meeting, as applicable, in person. If your shares are held through an intermediary, such as a broker or a bank, you will need to present proof of your ownership as of the close of business on the II-VI Record Date or the Finisar Record Date for admission to the II-VI Special Meeting location or the Finisar Special Meeting location, respectively. Proof of ownership could include a voting instruction form from your bank or broker, or a copy of your account statement. All in-person attendees will need to present valid photo identification for admission. If you are the representative of a corporate or institutional shareholder or stockholder, as applicable, you must present valid photo identification along with proof that you are the

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representative of such shareholder or stockholder, as applicable. The use of recording devices and other electronic devices will not be permitted during the II-VI Special Meeting and the Finisar Special Meeting. For additional information about the II-VI Special Meeting, see the section entitled Information About the II-VI Special Meeting beginning on page 71 of this joint proxy statement/prospectus. For additional information about the Finisar Special Meeting, see the section entitled Information About the Finisar Special Meeting beginning on page 65 of this joint proxy statement/prospectus.

Q: What are the matters on which II-VI shareholders are being asked to vote?

A: II-VI shareholders are being asked to vote on:

The ***Share Issuance Proposal***: a proposal to approve the issuance of II-VI Common Stock in connection with the Merger; and

The ***II-VI Adjournment Proposal***: a proposal to approve adjournments of the II-VI Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the Share Issuance Proposal.

The approval by II-VI shareholders of the Share Issuance Proposal is a condition to the obligations of II-VI and Finisar to complete the Merger. The approval of the II-VI Adjournment Proposal is not a condition to the obligations of II-VI or Finisar to complete the Merger.

Under Pennsylvania law, II-VI shareholders are not required to consider and vote to adopt the Merger Agreement.

Q: What are the matters on which Finisar stockholders are being asked to vote?

A: Finisar stockholders are being asked to vote on:

The ***Merger Proposal***: a proposal to adopt the Merger Agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus;

The ***Finisar Adjournment Proposal***: a proposal to approve adjournments of the Finisar Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to approve the Merger Proposal; and

The ***Compensation Proposal***: a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the Merger contemplated by the Merger Agreement and the agreements and understandings pursuant to which such

compensation may be paid or become payable.

The approval by Finisar stockholders of the Merger Proposal is a condition to the obligations of II-VI and Finisar to complete the Merger. The approval of the Finisar Adjournment Proposal and the Compensation Proposal are not conditions to the obligations of II-VI or Finisar to complete the Merger.

Q: Why are Finisar stockholders being asked to consider and vote on the Compensation Proposal?

A: Under SEC rules, Finisar is required to seek a non-binding, advisory vote with respect to certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the Merger and the agreements and understandings pursuant to which such compensation may be paid or become payable. Approval of the Compensation Proposal by the Finisar stockholders is not a condition to completion of the Merger. The vote is an advisory vote and will not be binding on Finisar, the Surviving Corporation or II-VI. If the Merger is completed, the Merger-related executive compensation may be paid to Finisar s named executive officers to the extent payable in accordance with the terms of their compensation agreements and arrangements even if Finisar stockholders do not approve, by non-binding, advisory vote, the Compensation Proposal. See the sections entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers beginning on page 189 of this joint proxy statement/prospectus.

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Q: How do I vote?

A: If you are a holder of record of II-VI Common Stock or Finisar Common Stock, you may vote on the matters to be presented at the applicable special meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when submitting your voting instructions by telephone or by Internet. Proxies delivered over the Internet or by telephone must be submitted by 11:59 p.m. Eastern Time on March 25, 2019. Please be aware that if you submit your proxy by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid, pre-addressed reply envelope prior to the applicable special meeting; or

you may attend the applicable special meeting in person and cast your vote there.

If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the applicable special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

See the sections entitled Information About the II-VI Special Meeting Voting of Shares, Proxies and Revocation beginning on page 73 of this joint proxy statement/prospectus and Information About the Finisar Special Meeting Voting of Shares, Proxies and Revocation beginning on page 67 of this joint proxy statement/prospectus.

Q: How does the II-VI Board recommend that II-VI shareholders vote?

A: **The II-VI Board unanimously recommends that II-VI shareholders vote FOR the Share Issuance Proposal and FOR the II-VI Adjournment Proposal.** See the section entitled The Merger II-VI s Reasons for the Merger; Recommendations of the II-VI Board beginning on page 98 of this joint proxy statement/prospectus.

Q: How does the Finisar Board recommend that Finisar stockholders vote?

A: **The Finisar Board unanimously recommends that Finisar stockholders vote FOR the Merger Proposal, FOR the Finisar Adjournment Proposal and FOR the Compensation Proposal.** See the section entitled The Merger Finisar s Reasons for the Merger; Recommendations of the Finisar Board beginning on page 96 of this joint proxy statement/prospectus.

Q: Why did the II-VI Board approve the Merger Agreement and the other transactions contemplated thereby, including the issuance of shares of II-VI Common Stock issuable in connection with the Merger?

A: To review the II-VI Board s reasons for approving the Merger Agreement and the other transactions contemplated by the Merger Agreement, including the issuance of shares of II-VI Common Stock issuable in connection with the Merger, and to recommend that the II-VI shareholders vote **FOR** the approval of the Share Issuance Proposal, see the section entitled The Merger II-VI s Reasons for the Merger; Recommendations of the II-VI Board beginning on page 98 of this joint proxy statement/prospectus.

Q: Why did the Finisar Board approve the Merger Agreement and the other transactions contemplated thereby, including the Merger?

A: To review the Finisar Board s reasons for approving the Merger Agreement and the other transactions contemplated thereby, including the Merger, and to recommend that the Finisar stockholders vote **FOR**

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the approval of the Merger Proposal, see the section entitled The Merger Finisar s Reasons for the Merger; Recommendations of the Finisar Board beginning on page 96 of this joint proxy statement/prospectus.

Q: What constitutes a quorum for the II-VI Special Meeting?

A: The presence in person or by proxy at the II-VI Special Meeting of a majority of the shares of II-VI Common Stock issued and outstanding on the II-VI Record Date will constitute a quorum at the II-VI Special Meeting. The presence in person or by proxy of at least 31,697,129 shares of II-VI Common Stock will be required to establish a quorum at the II-VI Special Meeting. Proxies received but marked as abstentions will be included as shares of II-VI Common Stock present when determining whether there is a quorum at the II-VI Special Meeting.

There must be a quorum for the vote on the Share Issuance Proposal to be taken at the II-VI Special Meeting. If there is no quorum, the II-VI Special Meeting may be adjourned or postponed to another date if the II-VI Adjournment Proposal is approved, which may subject II-VI to additional expense and delay or prevent the completion of the Merger.

See the section entitled Information About the II-VI Special Meeting Record Date, Outstanding Shares and Quorum beginning on page 71 of this joint proxy statement/prospectus.

Q: What constitutes a quorum for the Finisar Special Meeting?

A: The presence in person or by proxy at the Finisar Special Meeting of a majority of the shares of Finisar Common Stock issued and outstanding on the Finisar Record Date will constitute a quorum at the Finisar Special Meeting. The presence in person or by proxy of at least 58,950,457 shares of Finisar Common Stock will be required to establish a quorum at the Finisar Special Meeting. Proxies received but marked as abstentions will be included as shares of Finisar Common Stock present when determining whether there is a quorum at the Finisar Special Meeting.

There must be a quorum for votes on the Merger Proposal, the Finisar Adjournment Proposal and the Compensation Proposal to be taken at the Finisar Special Meeting. If there is no quorum, the Finisar Special Meeting may be adjourned or postponed to another date, which may subject Finisar to additional expense and delay or prevent the completion of the Merger. If a quorum shall fail to attend the Finisar Special Meeting, the chairman of the meeting or the holders of a majority of the shares of Finisar Common Stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

See the section entitled Information About the Finisar Special Meeting Record Date, Outstanding Shares and Quorum beginning on page 66 of this joint proxy statement/prospectus.

Q: What is the vote required to approve each proposal at the II-VI Special Meeting?

A: Assuming that a quorum is present, approval of the Share Issuance Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by

proxy, are entitled to cast. Accordingly, abstentions will have the same effect as a vote **AGAINST** the Share Issuance Proposal, but shares deemed not in attendance at the meeting, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary will have no effect on the Share Issuance Proposal. This vote will satisfy the vote requirements of Listing Rule 5635(d) of the Nasdaq Stock Market with respect to the Share Issuance Proposal. **II-VI cannot complete the Merger unless, among other things, the II-VI shareholders approve the Share Issuance Proposal.**

Approval of the II-VI Adjournment Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast,

whether or not a quorum is present. Accordingly, abstentions will have the same effect as a vote **AGAINST** the II-VI Adjournment Proposal, but shares deemed not in attendance at the meeting, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary will have no effect on the II-VI Adjournment Proposal.

See the section entitled Information About the II-VI Special Meeting Vote Required beginning on page 72 of this joint proxy statement/prospectus.

Q: What is the vote required to approve each proposal at the Finisar Special Meeting?

A: Assuming that a quorum is present, approval of the Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of Finisar Common Stock. If your shares of Finisar Common Stock are not voted on the Merger Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Merger Proposal, your shares will have the effect of a vote **AGAINST** the Merger Proposal. **Finisar cannot complete the Merger, and no Merger Consideration will be paid to Finisar stockholders by II-VI, unless, among other things, the Finisar stockholders approve the Merger Proposal.**

Assuming that a quorum is present, approval of the Finisar Adjournment Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. If your shares of Finisar Common Stock are not voted on the Finisar Adjournment Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Finisar Adjournment Proposal, your shares will have no effect on the Finisar Adjournment Proposal.

Assuming that a quorum is present, approval of the Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. If your shares of Finisar Common Stock are not voted on the Compensation Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Compensation Proposal, your shares will have no effect on the Compensation Proposal.

See the section entitled Information About the Finisar Special Meeting Vote Required beginning on page 66 of this joint proxy statement/prospectus.

Q: What is the difference between holding shares as a holder of record and as a beneficial owner?

A: If your shares of common stock are registered directly in your name with the transfer agent of II-VI or Finisar, you are considered the holder of record with respect to those shares. As the holder of record, you have the right to vote or to grant a proxy for your vote directly to II-VI or Finisar, respectively, or to a third party to vote at the applicable special meeting.

If your shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and your bank, brokerage firm or other nominee is considered the holder of record with respect to those shares. Your bank, brokerage firm or other nominee will send to you, as the beneficial owner, a package describing the procedure for voting your shares. You should follow the instructions provided by them to vote your

shares. You are invited to attend the applicable special meeting; however, you may not vote these shares in person at the applicable special meeting unless you obtain a legal proxy from your bank, brokerage firm or other nominee that holds your shares, giving you the right to vote the shares at the applicable special meeting.

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Q: If my shares of II-VI Common Stock or Finisar Common Stock are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee automatically vote those shares for me?

A: No. If your shares are held in the name of a bank, brokerage firm or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. You are not the record holder of such shares. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee. If you hold your shares in street name, you must provide instructions to your bank, brokerage firm or other nominee to direct how your shares are to be voted at the II-VI Special Meeting or the Finisar Special Meeting.

Unless your bank, brokerage firm or other nominee has discretionary authority to vote your shares, your bank, brokerage firm or other nominee may not vote your shares without voting instructions from you. In accordance with applicable stock exchange rules, if your shares are held in street name through a brokerage firm, your broker has authority to vote on routine proposals if you have not provided voting instructions. However, your broker is precluded from exercising voting discretion with respect to non-routine matters. All of the proposals to be voted on by II-VI shareholders at the II-VI Special Meeting and Finisar stockholders at the Finisar Special Meeting are non-routine matters. As a result, if your shares are held in street name through a brokerage firm and you do not provide voting instructions, your broker will not have discretionary authority to vote your shares at the II-VI Special Meeting or the Finisar Special Meeting, as applicable, and, accordingly, II-VI and Finisar do not expect any broker non-votes on any of the proposals at the Special Meetings. A broker non-vote occurs on an item when (i) a broker has discretionary authority to vote on at least one routine proposal at a meeting, but under stock exchange rules is not permitted to vote on other non-routine proposals without instructions from the beneficial owner of the shares and (ii) that broker exercises its discretionary authority on the routine proposal after the beneficial owner fails to provide such instructions, resulting in broker non-votes on each of the non-routine proposals.

If you are a Finisar stockholder and you fail to instruct your bank, brokerage firm or other nominee how to vote your shares, your shares will have the same effect as a vote **AGAINST** the Merger Proposal. Your shares will not be counted, and therefore will have no effect, on any of the other proposals voted on at the Special Meetings if you fail to instruct your bank, brokerage firm or other nominee how to vote your shares.

You should therefore provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares of II-VI Common Stock or Finisar Common Stock, as applicable.

Please follow the voting instructions provided by your bank, brokerage firm or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to II-VI or Finisar or by voting in person at your special meeting unless you first obtain a proxy from your bank, brokerage firm or other nominee.

See the sections entitled Information About the II-VI Special Meeting Vote Required beginning on page 72 of this joint proxy statement/prospectus and Information About the Finisar Special Meeting Vote Required beginning on page 66 of this joint proxy statement/prospectus.

Q: How many votes will holders of II-VI Common Stock have at the II-VI Special Meeting?

A: Holders of II-VI Common Stock are entitled to one vote for each share of II-VI Common Stock owned as of the II-VI Record Date. As of the II-VI Record Date, there were 63,394,256 shares of II-VI Common Stock outstanding. II-VI does not have any outstanding securities that are entitled to vote at the II-VI Special Meeting other than the II-VI Common Stock.

Q: How many votes will holders of Finisar Common Stock have at the Finisar Special Meeting?

A: Holders of Finisar Common Stock are entitled to one vote for each share of Finisar Common Stock owned as of the Finisar Record Date. As of the Finisar Record Date, there were 117,900,912 shares of Finisar Common

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Stock outstanding. Finisar does not have any outstanding securities that are entitled to vote at the Finisar Special Meeting other than the Finisar Common Stock.

Q: If I submit a proxy, how are my shares voted?

A: Regardless of whether you are a II-VI shareholder or a Finisar stockholder, and regardless of the method you choose to vote, the individuals named on the enclosed proxy card will vote your shares in the way that you indicate at the applicable special meeting. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares should be voted **FOR** or **AGAINST** or to **ABSTAIN** from voting on all, some or none of the specific items of business to come before the applicable special meeting.

If you are a II-VI shareholder and you properly sign your proxy card but do not mark the boxes showing how your shares of II-VI Common Stock should be voted on a matter, the shares represented by your properly signed proxy will be voted **FOR** the Share Issuance Proposal and **FOR** the II-VI Adjournment Proposal, as applicable.

If you are a Finisar stockholder and you properly sign your proxy card but do not mark the boxes showing how your shares of Finisar Common Stock should be voted on a matter, the shares represented by your properly signed proxy will be voted **FOR** the Merger Proposal, **FOR** the Finisar Adjournment Proposal and **FOR** the Compensation Proposal, as applicable.

If you fail to submit a valid proxy and to attend the applicable special meeting, or if your shares are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee to vote your shares, your shares will not be voted on any of the matters being considered at the applicable Special Meeting and, if you are a Finisar stockholder, will have the effect of a vote **AGAINST** the Merger Proposal.

See the sections entitled Information About the II-VI Special Meeting Voting of Shares, Proxies and Revocation beginning on page 73 of this joint proxy statement/prospectus and Information About the Finisar Special Meeting Voting of Shares, Proxies and Revocation beginning on page 67 of this joint proxy statement/prospectus.

Q: Can I revoke my proxy or change my voting instructions?

A: Yes. You may revoke your proxy or change your vote, at any time, before your shares are voted at the II-VI Special Meeting or the Finisar Special Meeting, as applicable.

If you are a holder of record of II-VI Common Stock as of the II-VI Record Date, you can revoke your proxy or change your vote by:

sending a written notice stating that you revoke your proxy to the Secretary of II-VI, at II-VI s offices at 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056, Attention: Secretary, that bears a date later than the date of the previously submitted proxy that you want to revoke and is received by II-VI s Secretary prior to the II-VI Special Meeting;

submitting a valid, later-dated proxy via mail, over the telephone or through the Internet; or

attending the II-VI Special Meeting and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not constitute a vote or revoke any proxy previously given.

If you are a holder of record of Finisar Common Stock as of the Finisar Record Date, you can revoke your proxy or change your vote by:

sending a written notice stating that you revoke your proxy to the Secretary of Finisar, at Finisar s offices at 1389 Moffett Park Drive, Sunnyvale, California 94089, Attention: Secretary, that bears a date later than the date of the previously submitted proxy that you want to revoke and is received by Finisar s Secretary prior to the Finisar Special Meeting;

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submitting a valid, later-dated proxy via mail, over the telephone or through the Internet; or

attending the Finisar Special Meeting and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not constitute a vote or revoke any proxy previously given.

In either case, if you hold your shares in street name, you must contact your nominee or intermediary to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the II-VI Special Meeting or the Finisar Special Meeting.

See the sections entitled Information About the II-VI Special Meeting Voting of Shares, Proxies and Revocation beginning on page 73 of this joint proxy statement/prospectus and Information About the Finisar Special Meeting Voting of Shares, Proxies and Revocation beginning on page 67 of this joint proxy statement/prospectus.

Q: What happens if I transfer my shares of II-VI Common Stock before the II-VI Special Meeting?

A: The II-VI Record Date is earlier than the date of the II-VI Special Meeting and the date that the Merger is expected to be completed. If you transfer your shares of II-VI Common Stock after the II-VI Record Date, but before the II-VI Special Meeting, you will retain your right to vote at the II-VI Special Meeting.

Q: What happens if I transfer my shares of Finisar Common Stock before the Finisar Special Meeting?

A: The Finisar Record Date is earlier than the date of the Finisar Special Meeting and the date that the Merger is expected to be completed. If you transfer your shares of Finisar Common Stock after the Finisar Record Date, but before the Finisar Special Meeting, you will retain your right to vote at the Finisar Special Meeting. However, you will have transferred the right to receive the Merger Consideration in the Merger. In order to receive the Merger Consideration, you must hold your shares of Finisar Common Stock through the Effective Time. In addition, after an election is validly made with respect to Merger Consideration, any subsequent transfer of Finisar Common Stock will automatically revoke such election. Following such revocation, unless a subsequent election is made, the holder of such shares of Finisar Common Stock will be deemed to have made a Mixed Election with respect to such shares.

Q: What do I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction forms. This can occur if you hold shares of both II-VI Common Stock and Finisar Common Stock, if your shares of II-VI Common Stock or Finisar Common Stock are held in more than one brokerage account, if you hold your shares of II-VI Common Stock or Finisar Common Stock directly as a holder of record and also in street name, or otherwise through another holder of record, and in certain other circumstances. If you receive more than one set of voting materials, please vote or return each set separately in order to ensure that all of your shares are voted.

Q: What will happen if all of the proposals to be considered at the II-VI Special Meeting and the Finisar Special Meeting are not approved?

A: As a condition to completion of the Merger, II-VI shareholders must approve the Share Issuance Proposal at the II-VI Special Meeting, and Finisar stockholders must approve the Merger Proposal at the Finisar Special Meeting. Completion of the Merger is not conditioned or dependent upon the approval of the II-VI Adjournment Proposal at the II-VI Special Meeting or the approval of the Finisar Adjournment Proposal or the Compensation Proposal at the Finisar Special Meeting.

Q: Am I entitled to exercise appraisal rights?

A: If you are a holder of II-VI Common Stock, you are not entitled to appraisal rights in connection with the Merger under Pennsylvania law.

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Under Delaware law, record holders of Finisar Common Stock who choose the Stock Election Consideration for their shares of Finisar Common Stock, but receive a mix of cash and II-VI Common Stock for such shares through the proration adjustment mechanism in connection with an oversubscription of the Stock Election Consideration, will be entitled to appraisal rights for such shares if such stockholders have otherwise complied with the requirements of Section 262 of the DGCL. **Appraisal rights will not be available to Finisar stockholders who fail to make an election and receive the Mixed Election Consideration or to Finisar stockholders who choose the Cash Election Consideration or the Mixed Election Consideration.**

In addition, a stockholder who desires to exercise appraisal rights must neither vote in favor of the Merger Proposal nor consent thereto in writing, must continuously hold his, her or its shares of Finisar Common Stock through the effective date of the Merger, must deliver to Finisar a written demand for appraisal prior to the date of the Finisar Special Meeting and must otherwise comply with the procedures set forth in Section 262 of the DGCL.

If the Merger is completed, subject to the provisions of Section 262 of the DGCL, Finisar stockholders who are entitled to, and properly perfect, their appraisal rights will obtain payment in cash of the fair value of their shares of Finisar Common Stock as determined by the Delaware Court of Chancery, instead of receiving the Merger Consideration for their shares. The fair value of shares of Finisar Common Stock as determined by the Delaware Court of Chancery could be greater than, the same as, or less than the value of the Merger Consideration that Finisar stockholders would otherwise be entitled to receive under the terms of the Merger Agreement.

However, notwithstanding a Finisar stockholder s compliance with the DGCL in perfecting appraisal rights, under Section 262 of the DGCL, assuming Finisar Common Stock remains listed on a national securities exchange immediately prior to the Effective Time, the Delaware Court of Chancery will dismiss any appraisal proceedings as to all Finisar stockholders who are otherwise entitled to appraisal rights unless (i) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of Finisar Common Stock, or (ii) the value of the consideration provided in the Merger for such total number of shares entitled to appraisal exceeds $1 million. To exercise appraisal rights, Finisar stockholders must comply with the procedures prescribed by Section 262 of the DGCL. These procedures are summarized in the section entitled Appraisal Rights beginning on page 215 of this joint proxy statement/prospectus. In addition, a copy of the full text of Section 262 of the DGCL is included as Annex D to this joint proxy statement/prospectus. Failure to comply with these provisions may result in a loss of the right of appraisal.

Q: What is the expected timing of the completion of the Merger?

A: Subject to the satisfaction or waiver of each of the closing conditions described under the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 160 of this joint proxy statement/prospectus, including the approval of the Share Issuance Proposal by II-VI shareholders at the II-VI Special Meeting and the approval of the Merger Proposal by Finisar stockholders at the Finisar Special Meeting, II-VI and Finisar expect that the Merger will be completed approximately in the middle of 2019. However, it is possible that factors outside the control of both companies could result in the Merger being completed at a different time or not at all.

As described in the sections entitled The Merger Agreement Conditions to Completion of the Merger and The Merger Regulatory Approvals beginning on pages 160 and 129, respectively, of this joint proxy statement/prospectus, completion of the Merger is conditioned on, among other things, (i) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and (ii) receipt of all other consents under certain specified federal, state, local or foreign antitrust, competition,

premerger notification or trade regulation laws, regulations or orders.

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Q: Are there any important risks related to the Merger or II-VI s or Finisar s businesses of which I should be aware?

A: Yes, there are important risks related to the Merger and each of II-VI s and Finisar s businesses. Before making any decision on how to vote, II-VI and Finisar urge you to read carefully and in its entirety the section entitled Risk Factors beginning on page 48 of this joint proxy statement/prospectus. You also should read and carefully consider the risk factors relating to II-VI and Finisar contained in the documents that are incorporated by reference into this joint proxy statement/prospectus, including II-VI s Annual Report on Form 10-K for its fiscal year ended June 30, 2018, as updated from time to time in II-VI s subsequent filings with the SEC, and Finisar s Annual Report on Form 10-K for its fiscal year ended April 29, 2018, as updated from time to time in Finisar s subsequent filings with the SEC.

Q: Do Finisar directors and officers have interests that may differ from those of other Finisar stockholders?

A: Yes. In considering the recommendation of the Finisar Board that Finisar stockholders vote **FOR** the Merger Proposal, Finisar stockholders should be aware and take into account the fact that certain Finisar directors and executive officers have interests in the Merger that may be different from, or in addition to, the interests of Finisar stockholders generally. The Finisar Board was aware of and considered these interests, among other matters, in evaluating the terms and structure, and overseeing the negotiation of, the Merger, in approving the Merger Agreement and in recommending that Finisar stockholders vote **FOR** the adoption of the Merger Proposal. See the section entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers beginning on page 189 of this joint proxy statement/prospectus and Interests of Finisar s Directors and Executive Officers in the Merger beginning on page 166 of this joint proxy statement/prospectus.

Q: What are the material U.S. federal income tax consequences of the Merger to U.S. holders of II-VI Common Stock and Finisar Common Stock?

A: U.S. holders of II-VI Common Stock will not recognize any income, gain or loss as a result of the Merger due solely to their ownership of II-VI Common Stock. U.S. holders of II-VI Common Stock that also hold Finisar Common Stock will be subject to the tax consequences described below with respect to their ownership of Finisar Common Stock.

The exchange of Finisar Common Stock for cash, II-VI Common Stock or both in the Merger generally will be a taxable transaction for U.S. holders of Finisar Common Stock for U.S. federal income tax purposes and may also be taxable under state, local or other tax laws. You should read the section entitled The Merger Material U.S. Federal Income Tax Consequences beginning on page 132 of this joint proxy statement/prospectus for more information.

Tax matters can be complicated and the tax consequences of the Merger to you will depend on your particular circumstances. You are urged to consult your tax advisor regarding the U.S. federal income tax consequences of the Merger to you in your particular circumstances, as well as tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Q: What are the conditions to completion of the transactions?

A: In addition to the approval of the Share Issuance Proposal by II-VI shareholders and the approval of the Merger Proposal by Finisar stockholders as described above, completion of the Merger is subject to the satisfaction or, to the extent permissible under applicable law, waiver of a number of other conditions, including, among other things, the receipt of required regulatory approvals, the accuracy of II-VI s and Finisar s respective representations and warranties under the Merger Agreement (subject to certain materiality exceptions) and II-VI s and Finisar s performance of their respective obligations under the

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Merger Agreement. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the Merger, see the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 160 of this joint proxy statement/prospectus.

Q: What happens if the Merger is not completed?

A: If the Share Issuance Proposal is not approved by II-VI shareholders or the Merger Proposal is not approved by Finisar stockholders, or any of the other conditions to the Merger are not satisfied or waived for any other reason, Finisar stockholders will not receive any Merger Consideration for their shares of Finisar Common Stock. Instead, Finisar will remain an independent public company, Finisar Common Stock will continue to be listed and traded on the Nasdaq Global Select Market and registered under the Exchange Act, and Finisar will continue to file periodic reports with the SEC. Under specified circumstances, II-VI or Finisar may be required to pay the other party a termination fee of $105.2 million. See the section entitled The Merger Agreement Fees and Expenses and Termination Fees beginning on page 163 of this joint proxy statement/prospectus.

Q: How will Finisar stockholders receive the Merger Consideration to which they are entitled?

A: If you hold physical share certificates of Finisar Common Stock, you will be sent a letter of transmittal promptly after the Effective Time describing how you may exchange your shares of Finisar Common Stock for the Merger Consideration to which you are entitled, and the Exchange Agent will forward to you the applicable Merger Consideration to which you are entitled after receiving the proper documentation from you. If you hold your shares of Finisar Common Stock in uncertificated book-entry form, you are not required to take any specific actions to exchange your shares of Finisar Common Stock, and after the completion of the Merger, such shares will be automatically exchanged for the Merger Consideration. For more information on the documentation you are required to deliver to the Exchange Agent, see the sections entitled The Merger Agreement Election Procedures beginning on page 142 of this joint proxy statement/prospectus and The Merger Agreement Exchange Procedures beginning on page 143 of this joint proxy statement/prospectus.

Q: Who will solicit and pay the cost of soliciting proxies?

A: II-VI will bear the entire cost of proxy solicitation, including preparation, assembly, printing and mailing of the notice of II-VI Special Meeting, proxy card, this joint proxy statement/prospectus and any additional materials furnished to II-VI shareholders. Copies of these materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others to forward to those beneficial owners. In addition, II-VI may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of II-VI Common Stock. II-VI s directors, officers and employees also may solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies. II-VI has engaged MacKenzie Partners, Inc. (MacKenzie) to aid in the solicitation of proxies from brokers, bank nominees and other institutional owners for approximately $25,000, plus reimbursement of related expenses.

Finisar will bear the entire cost of proxy solicitation, including preparation, assembly, printing and mailing of the notice of Finisar Special Meeting, proxy card, this joint proxy statement/prospectus and any additional materials

furnished to Finisar stockholders. Copies of these materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others to forward to those beneficial owners. In addition, Finisar may reimburse the costs of forwarding these materials to those beneficial owners. Finisar also may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of Finisar Common Stock. Finisar s directors, officers and employees also may solicit proxies by telephone, by

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facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies. Finisar has engaged D.F. King & Co., Inc. to aid in the solicitation of proxies from brokers, bank nominees and other institutional owners for approximately $12,500, plus reimbursement of related expenses.

Q: What do I need to do now?

A: Even if you plan to attend the II-VI Special Meeting or the Finisar Special Meeting in person, after carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote promptly to ensure that your shares are represented at the II-VI Special Meeting or the Finisar Special Meeting, as applicable.

Q: If I hold physical share certificates representing my shares of Finisar Common Stock, should I send in my share certificates now?

A: No, please do **NOT** return your share certificate(s) with your proxy. If the Merger is completed, and you hold physical share certificates in respect of your shares of Finisar Common Stock, you will be sent a letter of transmittal promptly after the Effective Time describing how you may exchange your shares of Finisar Common Stock for the applicable Merger Consideration. See the section entitled The Merger Agreement Exchange Procedures beginning on page 143 of this joint proxy statement/prospectus.

Q: Where can I find the voting results of the Special Meetings?

A: The preliminary voting results will be announced at the Special Meetings. In addition, within four business days following certification of their respective final voting results, II-VI and Finisar each intend to file its final voting results with the SEC in a Current Report on Form 8-K.

Q: Is the completion of the Merger subject to a financing condition?

A: No. The receipt of any financing by II-VI is not a condition to completion of the Merger and, except in certain limited circumstances in which II-VI or Finisar may be permitted to terminate the Merger Agreement (as more fully described in The Merger Agreement Termination of the Merger Agreement), II-VI will be required to complete the Merger (assuming that all of the conditions to its obligations to complete the Merger under the Merger Agreement are satisfied or waived) whether or not financing is available on acceptable terms or at all. On November 8, 2018, in connection with its entry into the Merger Agreement, II-VI entered into a commitment letter (together with a related fee letter) with Bank of America, N.A. (Bank of America), which was subsequently amended and restated on December 7, 2018 and on December 14, 2018 (together with one or more related fee letters, the Commitment Letter). Subject to the terms and conditions set forth in the Commitment Letter, Bank of America and the other lender parties thereto (the Lending Parties) have severally committed to provide 100% of up to $2.425 billion in aggregate principal amount of senior secured credit facilities of II-VI (the II-VI Senior Credit

Facilities) comprised of (i) a term a loan facility of up to $1.0 billion, a portion of which will be available after the closing of the Merger on a delayed draw basis, (ii) a term b loan facility of up to $975.0 million and (iii) a revolving credit facility of up to $450.0 million. The obligation of Bank of America and the other lead arranger parties thereto (the Lead Arrangers) to provide the debt financing under the Commitment Letter is subject to a number of conditions. II-VI currently intends to pay the cash portion of the aggregate Merger Consideration and pay related fees and expenses in connection with the Merger using the proceeds of draws under the II-VI Senior Credit Facilities and cash and short-term investments of II-VI and Finisar. II-VI currently does not intend to draw on the revolving credit facility in order to fund the cash portion of the aggregate Merger Consideration.

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For more information on the II-VI Senior Credit Facilities, see the section entitled The Merger Description of Debt Financing beginning on page 135 of this joint proxy statement/prospectus.

Q: What will happen to the Finisar Convertible Notes in connection with the Merger?

A: As of the date of this joint proxy statement/prospectus, Finisar has outstanding approximately $1.1 million aggregate principal amount of 2033 Notes and $575.0 million aggregate principal amount of 2036 Notes. At the consummation of the Merger and pursuant to the Indentures (as defined below), II-VI, the Surviving Corporation and Wells Fargo Bank, National Association, as trustee (the Trustee), will enter into supplemental indentures to (i) the Indenture, dated as of December 16, 2013 (the 2033 Notes Indenture), by and between Finisar and the Trustee, governing the 2033 Notes and (ii) the Indenture, dated as of December 21, 2016 (the 2036 Notes Indenture and, together with the 2033 Notes Indenture, the Indentures), by and between Finisar and the Trustee, governing the 2036 Notes. The respective supplemental indentures will comply with the applicable terms of the Indentures and will, among other things, provide that (y) at and after the Effective Time, the right to convert each $1,000 principal amount of the applicable Finisar Convertible Notes will be changed into a right to convert such principal amount of the applicable Finisar Convertible Notes into the weighted average of the types and amounts of consideration received by holders of Finisar Common Stock that affirmatively make an election to receive Cash Election Consideration, Stock Election Consideration or Mixed Election Consideration that a holder of a number of shares of Finisar Common Stock equal to the applicable conversion rate immediately prior to the consummation of the Merger would have owned or been entitled to receive in connection with the Merger (the Reference Property) and (z) II-VI fully and unconditionally guarantees, on a senior unsecured basis, the Finisar Convertible Notes.

Pursuant to the terms of the Indentures, consummation of the Merger will constitute a Fundamental Change and a Make Whole Fundamental Change. As a result, holders of the Finisar Convertible Notes will be permitted to choose, pursuant, and subject, to the terms and conditions of the Indentures (i) to convert their Finisar Convertible Notes, (ii) to require Finisar to repurchase their Finisar Convertible Notes for a price equal to 100% of their principal amount, together with accrued and unpaid interest to, but excluding, the repurchase date, or (iii) to continue holding their Finisar Convertible Notes until maturity or until they are otherwise redeemed, repurchased, or converted pursuant to the terms of the applicable Indenture. Neither II-VI, Merger Sub, Finisar nor any of their respective affiliates or representatives have made, or intend to make, any recommendation to any holder of Finisar Convertible Notes regarding this election.

See the section entitled The Merger Treatment of Finisar Convertible Notes beginning on page 136 of this joint proxy statement/prospectus.

Q: Will the II-VI Common Stock issued to Finisar stockholders at the time of completion of the Merger be traded on an exchange?

A: Yes. The shares of II-VI Common Stock to be issued to Finisar stockholders in the Merger will trade on the Nasdaq Global Select Market. Shares of II-VI Common Stock currently trade on the Nasdaq Global Select Market under the ticker symbol IIVI. See the section entitled The Merger Listing of II-VI Common Stock; Delisting and Deregistration of Finisar Common Stock beginning on page 130 of this joint proxy

statement/prospectus.

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Q: Who can help answer any other questions I have?

A: II-VI shareholders and Finisar stockholders who have questions about the Merger, the other matters to be voted on at the Special Meetings or how to submit a proxy, or who need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, should contact:

II-VI Shareholders:

II-VI Incorporated
375 Saxonburg Boulevard
Saxonburg, PA 16056
Attention: Mark Lourie
(724) 352-4455

Finisar Stockholders:

Finisar Corporation
1389 Moffett Park Drive
Sunnyvale, CA 94089
Attention: Investor Relations
(408) 548-1000

OR

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Banks and Brokers, call collect: (212) 269-5550

All others, call toll free: (866) 356-7813

Email: *FNSR@dfking.com*

Q: Where can I find more information about II-VI and Finisar?

A: You can find more information about II-VI and Finisar from the various sources described in the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

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SUMMARY

The following summary highlights selected information in this joint proxy statement/prospectus and may not contain all the information that may be important to you as a II-VI shareholder or a Finisar stockholder. Accordingly, we encourage you to read carefully this entire joint proxy statement/prospectus, its annexes and the documents referred to in this joint proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions under the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

The Companies (See page 64)

II-VI Incorporated

375 Saxonburg Boulevard

Saxonburg, Pennsylvania 16056

(724) 352-4455

II-VI Incorporated, a Pennsylvania corporation, is a global leader in engineered materials and optoelectronic components, and is a vertically integrated manufacturing company that develops innovative products for diversified applications in the industrial, optical communications, military, life sciences, semiconductor equipment, and consumer markets. Headquartered in Saxonburg, Pennsylvania, II-VI has research and development, manufacturing, sales, service, and distribution facilities worldwide. II-VI produces a wide variety of application-specific photonic and electronic materials and components, and deploys them in various forms, including integrated with advanced software to enable its customers.

II-VI Common Stock is listed on the Nasdaq Global Select Market under the symbol IIVI. II-VI s home page on the Internet is www.ii-vi.com. The information provided on II-VI s website is not part of this joint proxy statement/prospectus and is not incorporated herein by reference.

This joint proxy statement/prospectus incorporates important business and financial information about II-VI from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a list of the documents that are incorporated by reference, see Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

Mutation Merger Sub Inc.

c/o II-VI Incorporated

375 Saxonburg Boulevard

Saxonburg, Pennsylvania 16056

(724) 352-4455

Mutation Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of II-VI, was formed solely for the purpose of facilitating the Merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the Merger Agreement. By operation of the Merger, Merger Sub will be merged with and into Finisar, with Finisar surviving the Merger as a wholly owned subsidiary of II-VI.

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Finisar Corporation

1389 Moffett Park Drive

Sunnyvale, California 94089

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Finisar Corporation, a Delaware corporation, is a global technology leader in optical communications, providing components and subsystems to networking equipment manufacturers, data center operators, telecom service providers, consumer electronics and automotive companies. Finisar, incorporated in California in April 1987 and reincorporated in Delaware in November 1999, designs products that meet the increasing demands for network bandwidth, data storage and 3D sensing subsystems. Finisar is headquartered in Sunnyvale, California, with research and development, manufacturing sites, sales and support offices worldwide.

Finisar Common Stock is listed on the Nasdaq Global Select Market under the symbol FNSR. Finisar s home page on the Internet is www.finisar.com. The information provided on Finisar s website is not part of this joint proxy statement/prospectus and is not incorporated herein by reference.

This joint proxy statement/prospectus incorporates important business and financial information about II-VI from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a list of the documents that are incorporated by reference, see Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

The Merger (See page 76)

II-VI, Merger Sub and Finisar have entered into the Merger Agreement. Subject to the terms and conditions of the Merger Agreement and in accordance with applicable law, in the Merger, Merger Sub will be merged with and into Finisar, with Finisar continuing as the Surviving Corporation and a wholly owned subsidiary of II-VI. Upon completion of the Merger, Finisar Common Stock no longer will be publicly traded.

The terms and conditions of the Merger are contained in the Merger Agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus. We encourage you to read the Merger Agreement carefully and in its entirety, as it is the principal document that governs the Merger. If the conditions set forth in the Merger Agreement are satisfied or waived, the Merger will be consummated.

II-VI Special Meeting (See page 71)

Meeting. The II-VI Special Meeting will be held on March 26, 2019, at 5000 Ericsson Drive, Warrendale, Pennsylvania 15086, at 2:00 p.m. local time. At the II-VI Special Meeting, II-VI shareholders will be asked to consider and vote on the Share Issuance Proposal and the II-VI Adjournment Proposal.

Record Date. The II-VI Board has fixed the close of business on February 5, 2019 as the record date for the determination of the II-VI shareholders entitled to notice of and to vote at the II-VI Special Meeting or any adjournment or postponement of the II-VI Special Meeting (the II-VI Record Date). Only II-VI shareholders of record at the II-VI Record Date are entitled to receive notice of, and to vote at, the II-VI Special Meeting or any adjournment or postponement of the II-VI Special Meeting. As of the close of business on the II-VI Record Date, there were 63,394,256 shares of II-VI Common Stock outstanding and entitled to vote at the II-VI Special Meeting. Each holder

of shares of II-VI Common Stock is entitled to one vote for each share of II-VI Common Stock owned at the II-VI Record Date.

Quorum. The presence in person or by proxy at the II-VI Special Meeting of a majority of the shares of II-VI Common Stock issued and outstanding on the II-VI Record Date will constitute a quorum at the II-VI

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Special Meeting. The presence in person or by proxy of at least 31,697,129 shares of II-VI Common Stock will be required to establish a quorum at the II-VI Special Meeting. Proxies received but marked as abstentions will be included as shares of II-VI Common Stock present when determining whether there is a quorum at the II-VI Special Meeting.

There must be a quorum for the vote on the Share Issuance Proposal to be taken at the II-VI Special Meeting. If there is no quorum, the II-VI Special Meeting may be adjourned or postponed to another date if the II-VI Adjournment Proposal is approved, which may subject II-VI to additional expense and delay or prevent the completion of the Merger.

Required Vote. Assuming that a quorum is present, approval of the Share Issuance Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast. Accordingly, abstentions will have the same effect as a vote **AGAINST** the Share Issuance Proposal, but shares deemed not in attendance at the meeting, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary will have no effect on the Share Issuance Proposal. This vote will satisfy the vote requirements of Listing Rule 5635(d) of the Nasdaq Stock Market with respect to the Share Issuance Proposal. **II-VI cannot complete the Merger unless, among other things, the II-VI shareholders approve the Share Issuance Proposal.**

Approval of the II-VI Adjournment Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast, whether or not a quorum is present. Accordingly, abstentions will have the same effect as a vote **AGAINST** the II-VI Adjournment Proposal, but shares deemed not in attendance at the meeting, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary will have no effect on the II-VI Adjournment Proposal.

If you hold your shares of II-VI Common Stock in street name, your nominee or intermediary may not vote your shares without instructions from you. If you do not provide voting instructions on the Share Issuance Proposal and the II-VI Adjournment Proposal, your shares will not be deemed in attendance at the II-VI Special Meeting and will not be voted.

Stock Ownership of and Voting by II-VI Directors and Executive Officers. At the II-VI Record Date, II-VI s directors and executive officers and their affiliates beneficially owned and had the right to vote in the aggregate 1,255,761 shares of II-VI Common Stock at the II-VI Special Meeting, which represents approximately 1.98% of the shares of II-VI Common Stock entitled to vote at the II-VI Special Meeting.

Each of II-VI s directors and executive officers is expected, as of the date of this joint proxy statement/prospectus, to vote his or her shares of II-VI Common Stock **FOR** the Share Issuance Proposal and **FOR** the II-VI Adjournment Proposal, although none of II-VI s directors and executive officers has entered into any agreement requiring them to do so.

For more information, see the section entitled Information About the II-VI Special Meeting beginning on page 71 of this joint proxy statement/prospectus.

Finisar Special Meeting (See page 65)

Meeting. The Finisar Special Meeting will be held on March 26, 2019, at 2765 Sand Hill Road, Menlo Park, California 94025, at 11:00 a.m. local time. At the Finisar Special Meeting, Finisar stockholders will be asked to

consider and vote on the Merger Proposal, the Finisar Adjournment Proposal and the Compensation Proposal.

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Record Date. The Finisar Board has fixed the close of business on February 5, 2019 as the record date for the determination of the Finisar stockholders entitled to notice of and to vote at the Finisar Special Meeting or any adjournment or postponement of the Finisar Special Meeting (the Finisar Record Date). Only Finisar stockholders of record at the Finisar Record Date are entitled to receive notice of, and to vote at, the Finisar Special Meeting or any adjournment or postponement of the Finisar Special Meeting. As of the close of business on the Finisar Record Date, there were 117,900,912 shares of Finisar Common Stock outstanding and entitled to vote at the Finisar Special Meeting. Each holder of shares of Finisar Common Stock is entitled to one vote for each share of Finisar Common Stock owned at the record date.

Quorum. The presence in person or by proxy at the Finisar Special Meeting of a majority of the shares of Finisar Common Stock issued and outstanding on the Finisar Record Date will constitute a quorum at the Finisar Special Meeting. The presence in person or by proxy of at least 58,950,457 shares of Finisar Common Stock will be required to establish a quorum at the Finisar Special Meeting. Proxies received but marked as abstentions will be included as shares of Finisar Common Stock present when determining whether there is a quorum at the Finisar Special Meeting.

There must be a quorum for the votes on the Merger Proposal, the Adjournment Proposal, and the Compensation Proposal to be taken at the Finisar Special Meeting. If there is no quorum, the Finisar Special Meeting may be adjourned or postponed to another date, which may subject Finisar to additional expense and delay or prevent the completion of the Merger. If a quorum shall fail to attend the Finisar Special Meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Required Vote. Assuming that a quorum is present, approval of the Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of Finisar Common Stock. If your shares of Finisar Common Stock are not voted on the Merger Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Merger Proposal, your shares will have the effect of a vote **AGAINST** the Merger Proposal. **Finisar cannot complete the Merger, and no Merger Consideration will be paid to Finisar stockholders by II-VI, unless, among other things, the Finisar stockholders approve the Merger Proposal.**

Assuming that a quorum is present, approval of the Finisar Adjournment Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. If your shares of Finisar Common Stock are not voted on the Finisar Adjournment Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Finisar Adjournment Proposal, your shares will have no effect on the Finisar Adjournment Proposal.

Assuming that a quorum is present, approval of the Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. If your shares of Finisar Common Stock are not voted on the Compensation Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Compensation Proposal, your shares will have no effect on the Compensation Proposal.

If you hold your shares of Finisar Common Stock in street name, your nominee or intermediary may not vote your shares without instructions from you. If you do not provide voting instructions on the Merger Proposal, the Finisar Adjournment Proposal and the Compensation Proposal, your shares will not be deemed in attendance at the Finisar Special Meeting, will not be voted and will have the effect of a vote **AGAINST** the Merger Proposal.

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Stock Ownership of and Voting by Finisar Directors and Executive Officers. At the Finisar Record Date, Finisar s directors and executive officers and their affiliates beneficially owned and had the right to vote in the aggregate 960,451 shares of Finisar Common Stock at the Finisar Special Meeting, which represents approximately .81% of the shares of Finisar Common Stock entitled to vote at the Finisar Special Meeting.

Each of Finisar s directors and executive officers is expected, as of the date of this joint proxy statement/prospectus, to vote his or her shares of Finisar Common Stock **FOR** the Merger Proposal, **FOR** the Finisar Adjournment Proposal and **FOR** the Compensation Proposal, although none of Finisar s directors and executive officers has entered into any agreement requiring them to do so.

For more information, see the section entitled Information About the Finisar Special Meeting beginning on page 65 of this joint proxy statement/prospectus.

What Finisar Stockholders Will Receive in the Merger (See page 139)

At the Effective Time, each share of Finisar Common Stock (other than Dissenting Stockholder Shares and Excluded Shares) will be converted into the right to receive at the election of the holder of each share (i) Cash Election Consideration, consisting of $26.00 in cash, without interest (subject to the proration adjustment procedures described in this joint proxy statement/prospectus), (ii) Stock Election Consideration, consisting of 0.5546 validly issued, fully paid and non-assessable shares of II-VI Common Stock (subject to the proration adjustment procedures described in this joint proxy statement/prospectus), or (iii) Mixed Election Consideration, consisting of $15.60 in cash, without interest, and 0.2218 validly issued, fully paid and non-assessable shares of II-VI Common Stock; provided, that Finisar stockholders who are otherwise entitled to receive fractional shares of II-VI Common Stock as part of the Merger Consideration will receive cash in lieu of such fractional shares of II-VI Common Stock.

Each holder of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating RSUs) will, until the Election Deadline, be entitled to elect to receive either Cash Election Consideration, Stock Election Consideration or Mixed Election Consideration in exchange for each share of Finisar Common Stock held by him or her that was issued and outstanding immediately prior to the Effective Time (including with respect to such holder s Participating RSUs held by such holder prior to the Effective Time), subject to the proration adjustment procedures described in this joint proxy statement/prospectus. Holders entitled to make an election that fail to do so or that make an untimely election (or who otherwise are deemed not to have submitted an effective form of election) will be deemed to have elected for Mixed Election Consideration.

Stock Elections and Cash Elections are subject to the proration adjustment procedures described in this joint proxy statement/prospectus to ensure that the aggregate Merger Consideration will consist of approximately 60% cash and approximately 40% II-VI Common Stock (with the II-VI Common Stock valued at the closing price as of November 8, 2018).

For more information, see the section entitled The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus.

Treatment of Finisar Employee Stock Plans (See page 144)

At the Effective Time, each Finisar Stock Option (or portion thereof) that is outstanding and unexercised will be cancelled and terminated and converted into the right to receive an amount of Mixed Election Consideration that would be payable to a holder of such number of shares of Finisar Common Stock equal to the quotient of (i) the product of (a) the excess, if any, of $26.00 over the exercise price per share of such Finisar

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Stock Option *multiplied by* (b) the number of shares of Finisar Common Stock subject to such Finisar Stock Option, *divided by* (ii) $26.00 (the Net Option Shares). Each Finisar Stock Option that is outstanding and unexercised as of immediately prior to the Effective Time with an exercise price per share that is in excess of $26.00 will be cancelled and extinguished without any present or future right to receive the Merger Consideration or any other payment.

As of the Effective Time, each Finisar Restricted Stock Unit (or portion thereof) that is outstanding and subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock will, to the extent such Finisar Restricted Stock Unit vests in accordance with its terms in connection with the Merger (the Participating RSUs), be cancelled and extinguished and converted into the right to receive the Cash Election Consideration, the Stock Election Consideration or the Mixed Election Consideration at the election of the holder of such Participating RSUs, subject to the proration adjustment procedures described in this joint proxy statement/prospectus (as applicable, the Cash Election RSUs, the Stock Election RSUs or the Mixed Election RSUs).

As of the Effective Time, each Finisar Restricted Stock Unit that is subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock but does not vest in accordance with its terms in connection with the Merger will be cancelled and extinguished at the Effective Time without any right to receive the Merger Consideration or any other payment.

At the Effective Time, each Finisar Restricted Stock Unit (or portion thereof) that is outstanding and unvested and does not vest in accordance with its terms in connection with the Merger and is either (x) subject to time-based vesting requirements only or (y) subject to a performance-based vesting condition other than the value of Finisar Common Stock will be assumed by II-VI (each, an Assumed RSU). Each Assumed RSU will be subject to substantially the same terms and conditions as applied to the related Finisar Restricted Stock Unit immediately prior to the Effective Time, except that the number of shares of II-VI Common Stock subject to such Assumed RSU will be adjusted as described below under The Merger Agreement Treatment of Finisar Employee Stock Plans Restricted Stock Units.

Except as otherwise provided above, II-VI will not assume any obligations or liabilities under any Finisar Stock Options, Finisar Restricted Stock Units or any other direct or indirect right to acquire equity securities of Finisar. Except as otherwise provided above, neither II-VI nor the Surviving Corporation will substitute any equivalent stock option, warrant or right for any terminated Finisar Stock Option, Finisar Restricted Stock Unit or other direct or indirect right to acquire equity securities of Finisar. Finisar will take all actions necessary or appropriate, including providing any required notices, so that the Finisar Stock Options, Finisar Restricted Stock Units and any other direct or indirect rights to acquire shares of Finisar Common Stock will be terminated as of the Effective Time.

For more information, see the section entitled The Merger Agreement Treatment of Finisar Employee Stock Plans beginning on page 144 of this joint proxy statement/prospectus.

Recommendations of the II-VI Board (See page 98)

The II-VI Board unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger and the issuance of shares of II-VI Common Stock issuable in connection with the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of II-VI and its shareholders. The II-VI Board unanimously recommends that II-VI shareholders vote **FOR** the Share Issuance Proposal. For the factors considered by the II-VI Board in reaching this decision, see The Merger II-VI s Reasons for the Merger; Recommendations of the II-VI Board beginning on page 98 of this joint proxy statement/prospectus.

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The II-VI Board unanimously recommends that II-VI s shareholders vote **FOR** the II-VI Adjournment Proposal. See II-VI Proposal No. 2 Adjournment of the II-VI Special Meeting beginning on page 192 of this joint proxy statement/prospectus.

Recommendations of the Finisar Board (See page 96)

The Finisar Board unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of Finisar and its stockholders. The Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Merger Proposal. For the factors considered by the Finisar Board in reaching this decision, see The Merger Finisar s Reasons for the Merger; Recommendations of the Finisar Board beginning on page 96 of this joint proxy statement/prospectus.

The Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Finisar Adjournment Proposal. See Finisar Proposal No. 2 Adjournment of the Finisar Special Meeting beginning on page 188 of this joint proxy statement/prospectus.

In addition, the Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Finisar Compensation Proposal. See Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers beginning on page 189 of this joint proxy statement/prospectus.

Opinion of II-VI s Financial Advisor (See page 112)

In connection with the Merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated (BofA Merrill Lynch), II-VI s financial advisor, delivered to the II-VI Board a written opinion, dated November 8, 2018, as to the fairness, from a financial point of view and as of the date of the opinion, to II-VI of the Merger Consideration to be paid by II-VI in the Merger. The full text of the written opinion, dated November 8, 2018, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this joint proxy statement/prospectus and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to the II-VI Board (in its capacity as such) for the benefit and use of the II-VI Board in connection with and for purposes of its evaluation of the Merger Consideration from a financial point of view. BofA Merrill Lynch s opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to II-VI or in which II-VI might engage or as to the underlying business decision of II-VI to proceed with or effect the Merger. BofA Merrill Lynch s opinion does not constitute a recommendation to any II-VI shareholder or Finisar stockholder as to how to vote or act in connection with the proposed Merger or any other matter.** For a summary description of BofA Merrill Lynch s opinion, please see the section of this joint proxy statement/prospectus entitled The Merger Opinion of II-VI s Financial Advisor beginning on page 112. The summary of BofA Merrill Lynch s opinion set forth in this joint proxy statement/prospectus under the caption entitled The Merger Opinion of II-VI s Financial Advisor is qualified in its entirety by reference to the full text of BofA Merrill Lynch s opinion attached as Annex B to this joint proxy statement/prospectus.

Opinion of Finisar s Financial Advisor (See page 102)

Finisar engaged Barclays Capital Inc. (Barclays) for the purpose of providing financial advisory services with respect to a potential sale of Finisar pursuant to an engagement letter dated October 12, 2018. On November 8, 2018, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to the

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Finisar Board that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the Merger Consideration to be offered to the stockholders of Finisar, other than the holders of any Excluded Shares (as defined in the Merger Agreement), in the proposed transaction was fair, from a financial point of view, to such stockholders.

The full text of Barclays written opinion, dated as of November 8, 2018, is attached as Annex C to this joint proxy statement/prospectus. Barclays written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. This summary is qualified in its entirety by reference to the full text of the opinion. Barclays opinion, the issuance of which was approved by Barclays Valuation and Fairness Opinion Committee, is addressed to the Finisar Board and addresses only the fairness, from a financial point of view, of the Merger Consideration to be offered to the stockholders of Finisar (other than holders of the Excluded Shares (as defined in the Merger Agreement)) in the proposed transaction and does not constitute a recommendation to any stockholder of Finisar as to how such stockholder should vote or act with respect to the proposed transaction or any other matter. For a description of the opinion that Finisar received from Barclays, see the section entitled The Merger Opinion of Finisar s Financial Advisor.

Ownership of II-VI Common Stock After the Merger (See page 76)

Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the treatment of shares of Finisar Common Stock, Finisar Stock Options and Finisar Restricted Stock Units in the Merger, and assuming no conversions of the Finisar Convertible Notes, II-VI expects to issue approximately 26.38 million shares of II-VI Common Stock to holders of Finisar Common Stock and Finisar equity awards upon completion of the Merger. The actual number of shares of II-VI Common Stock to be issued upon completion of the Merger will be determined at the completion of the Merger based on, among other things, the number of shares of Finisar Common Stock outstanding and the market price of II-VI Common Stock at that time. Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the number of shares of II-VI Common Stock outstanding as of February 5, 2019, it is expected that, immediately after completion of the Merger, former holders of Finisar Common Stock and Finisar equity awards will own approximately 29.27% of the outstanding shares of II-VI Common Stock.

Governance Matters Following Completion of the Merger (See page 139)

After completion of the Merger, the directors of Merger Sub and the officers of Finisar immediately prior to completion of the Merger will be the directors and officers, respectively, of the Surviving Corporation.

At the Effective Time, the II-VI Board will appoint three members of the Finisar Board as of November 8, 2018 to serve on the II-VI Board (the Finisar Designees). Each Finisar Designee will be mutually agreed upon by II-VI and Finisar, acting in good faith. In addition, the Corporate Governance and Nominating Committee of the II-VI Board previously will have reasonably approved the appointment of the Finisar Designees to the II-VI Board, which also will have previously recommended the appointment of the Finisar Designees to the full II-VI Board. The total number of directors on the II-VI Board at the Effective Time will be no more than 11 persons. As of the date hereof, the identity of the Finisar Designees has not been determined by II-VI and Finisar.

Also at the Effective Time, the II-VI Board will have four committees, consisting of an Audit Committee, a Compensation Committee, a Subsidiary Committee and a Corporate Governance and Nominating Committee. Each such committee will include at least one Finisar Designee.

For information on II-VI s and Finisar s current directors, please see II-VI s Annual Report on Form 10-K for the fiscal year ended June 30, 2018, filed with the SEC on August 28, 2018, and Finisar s Definitive Proxy

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Statement for its 2018 Annual Meeting of stockholders filed with the SEC on July 26, 2018. See Where You Can Find More Information.

Interests of Finisar s Directors and Executive Officers in the Merger (See page 166)

In considering the recommendation of the Finisar Board that Finisar stockholders vote to adopt the Merger Agreement, Finisar stockholders should be aware that, aside from their interests as Finisar stockholders, Finisar s directors and executive officers have interests in the Merger that may be different from, or in addition to, those of Finisar stockholders generally. These interests include, among others, potential severance benefits and other payments, the treatment of outstanding equity awards pursuant to the Merger Agreement, and certain indemnification rights of Finisar directors and officers under the Merger Agreement. Members of the Finisar Board were aware of and considered these interests, among other matters, at the time of evaluating and negotiating the Merger Agreement and the Merger, approving the Merger Agreement and the Merger, and recommending to Finisar stockholders that the Merger Agreement be adopted.

For more information, see the sections entitled The Merger Background of the Merger and The Merger Finisar s Reasons for the Merger; Recommendations of the Finisar Board beginning on pages 77 and 96, respectively, of this joint proxy statement/prospectus. These interests are described in more detail below section entitled Interests of Finisar s Directors and Executive Officers in the Merger beginning on page 166 of this joint proxy statement/prospectus, and certain of them are quantified in the narrative of the section entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers Golden Parachute Compensation beginning on page 189 of this this joint proxy statement/prospectus.

Listing of II-VI Common Stock; Delisting and Deregistration of Finisar Common Stock (See page 130)

II-VI will file a notification of listing of additional shares (or such other form as may be required) with the Nasdaq Global Select Market, where II-VI Common Stock currently is traded, with respect to the shares of II-VI Common Stock to be issued in the Merger. If the Merger is completed, Finisar Common Stock will be delisted from the Nasdaq Global Select Market and will be deregistered under the Exchange Act. See the section entitled The Merger Listing of II-VI Common Stock; Delisting and Deregistration of Finisar Common Stock beginning on page 130 of this joint proxy statement/prospectus.

Comparison of Shareholder Rights (See page 196)

Finisar stockholders will have different rights once they become II-VI shareholders due to differences between the organizational documents of, and the applicable state laws governing, Finisar and II-VI. See Comparison of Shareholders Rights beginning on page 196 of this joint proxy statement/prospectus.

Appraisal Rights Available to Finisar Stockholders (See page 215)

Pursuant to Section 262 of the DGCL, a Finisar stockholder at the Finisar Record Date who chooses the Stock Election Consideration for his, her or its shares of Finisar Common Stock, but receives a mix of II-VI Common Stock and cash for such shares through the proration adjustment mechanism in connection with an oversubscription of the Stock Election Consideration, will be entitled to appraisal rights for such shares if such stockholder otherwise complies with the requirements of Section 262 of the DGCL. Appraisal rights will not be available to Finisar stockholders who fail to make an election and receive the Mixed Election Consideration or to Finisar stockholders who choose the Cash Election Consideration or the Mixed Election Consideration.

Finisar stockholders who wish to exercise the right to seek an appraisal of their shares must not vote in favor of the Merger Proposal nor consent thereto in writing, must continuously hold their shares of Finisar Common

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Stock through the effective date of the Merger, must deliver to Finisar a written demand for appraisal prior to the date of the Finisar Special Meeting and must otherwise comply with the applicable requirements of Section 262 of the DGCL. The appraisal remedy offers eligible stockholders the right to seek appraisal of the fair value of their shares of Finisar Common Stock, as determined by the Delaware Court of Chancery, if the Merger is completed. The fair value of shares of Finisar Common Stock as determined by the Delaware Court of Chancery could be greater than, the same as, or less than the value of the Merger Consideration that Finisar stockholders would otherwise be entitled to receive under the terms of the Merger Agreement.

The right to seek appraisal will be lost if a Finisar stockholder votes **FOR** the Merger Proposal. However, abstaining or voting against the Merger Proposal is not in itself sufficient to perfect appraisal rights because additional actions must also be taken to perfect such rights.

Finisar stockholders who wish to exercise the right to seek an appraisal of their shares must so advise Finisar by submitting a written demand for appraisal prior to the taking of the vote on the Merger Proposal at the Finisar Special Meeting, and must otherwise follow the procedures prescribed by Section 262 of the DGCL. A person having a beneficial interest in shares of Finisar Common Stock held of record in the name of another person, such as a nominee or intermediary, must act promptly to cause the record holder to follow the steps required by Section 262 of the DGCL and in a timely manner to perfect appraisal rights. In view of the complexity of Section 262 of the DGCL, Finisar stockholders that may wish to pursue appraisal rights are urged to consult their legal and financial advisors.

However, notwithstanding a Finisar stockholder s compliance with the DGCL in perfecting appraisal rights, under Section 262 of the DGCL, assuming Finisar Common Stock remains listed on a national securities exchange immediately prior to the Effective Time, the Delaware Court of Chancery will dismiss any appraisal proceedings as to all stockholders who are otherwise entitled to appraisal rights unless (i) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of Finisar Common Stock, or (ii) the value of the consideration provided in the Merger for the total number of shares of Finisar Common Stock entitled to appraisal exceeds $1 million. These procedures are summarized in the section entitled Appraisal Rights beginning on page 215 of this joint proxy statement/prospectus. In addition, a copy of the full text of Section 262 of the DGCL is included as Annex D to this joint proxy statement/prospectus.

Conditions to Completion of the Merger (See page 160)

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, the obligation of each of II-VI and Merger Sub, on the one hand, and Finisar, on the other hand, to complete the Merger is subject to the satisfaction (or, to the extent permissible under applicable law, waiver) of a number of conditions, including the following:

- approval of the Share Issuance Proposal by the II-VI shareholders at the II-VI Special Meeting;
- approval of the Merger Proposal by the Finisar stockholders at the Finisar Special Meeting;
- the absence of any temporary restraining order or preliminary or permanent injunction preventing, prohibiting, enjoining or rendering illegal the consummation of the Merger, and the absence of any applicable law of a governmental authority of competent jurisdiction prohibiting or rendering illegal the

consummation of the Merger;

approvals and expiration or termination of any applicable waiting period necessary under the HSR Act and the receipt of consents from regulators in certain specified non-U.S. jurisdictions (or deemed receipt by virtue of the expiration or termination of any applicable waiting period);

effectiveness of, and absence of any stop order initiated by the SEC with respect to, the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part;

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approval for the listing on the Nasdaq Global Select Market of the shares of II-VI Common Stock to be issued in the Merger, subject to official notice of issuance;

accuracy of the representations and warranties made in the Merger Agreement by the other party, subject to certain materiality exceptions;

performance (or cure of any non-performance) in all material respects by the other party of the covenants and agreements required to be performed by it prior to completion of the Merger; and

the absence of a material adverse effect on the other party (see The Merger Agreement Representations and Warranties beginning on page 145 of this joint proxy statement/prospectus for the definition of material adverse effect).

In addition to the conditions to all parties obligations, the obligation of Finisar to complete the Merger is subject to II-VI, Finisar and the Trustee entering into supplemental indentures to the 2033 Notes Indenture and the 2036 Notes Indenture, as more fully described in the section entitled The Merger Treatment of Finisar Convertible Notes beginning on page 136 of this joint proxy statement/prospectus.

II-VI and Finisar cannot be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed.

Required Regulatory Approvals (See page 129)

Completion of the Merger is conditioned upon (i) the expiration or early termination of the waiting period relating to the Merger under the HSR Act and (ii) obtaining all consents, approvals, licenses, permits, certificates, orders or authorizations of any governmental authority under certain specified federal, state, local or foreign antitrust, competition, premerger notification or trade regulation laws, regulations or orders.

Under the HSR Act, certain transactions, including the Merger, may not be completed unless certain waiting period requirements have expired or been terminated. The HSR Act provides that each party must file a pre-merger notification with the Federal Trade Commission (the FTC) and the Antitrust Division of the U.S. Department of Justice (the DOJ). A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties filings of their respective HSR Act notification forms or the early termination of that waiting period.

Other specified federal, state, local or foreign antitrust, competition, premerger notification or trade regulation laws, regulations or orders pursuant to which completion of the Merger is conditioned include the following:

Anti-monopoly Law of the People s Republic of China of 2008 (as amended);

Act against Restraints of Competition of 1958 *(Gesetz gegen Wettbewerbsbeschränkungen)* (as amended);

Federal Economic Competition Law of 2014 *(Ley Federal de Competencia Económica)* and its regulations *(Disposiciones Regulatorias de la Ley Federal de Competencia Económica)*; and

Competition Law no. 21/1996 *(Lege nr. 21 din 10 aprilie 1996 a Concurenței Republicare)* (as amended) and Regulation on Economic Concentrations approved by Romanian Competition Council Order No. 431/2017 *(Ordinul nr. 431/2017 pentru punerea în aplicare a Regulamentului privind concentrările economice)*.

Neither II-VI nor Finisar is aware of any material governmental approvals or actions that are required for completion of the Merger other than those described above. It is presently contemplated that if any such additional material governmental approvals or actions are required, those approvals or actions will be sought.

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II-VI and Finisar have agreed to use their respective reasonable best efforts to cause the closing of the Merger to occur, which reasonable best efforts of II-VI include promptly opposing any motion or action for an injunction against the Merger or any portion thereof, including any legislative, administrative or judicial action, and taking any and all steps necessary to have vacated, lifted, reversed, overturned, avoided, eliminated or removed any decree, judgment, injunction or other order that restricts, prevents or prohibits the consummation of the Merger or any other transactions contemplated by the Merger Agreement under the HSR Act, or other federal, state, local or foreign antitrust, competition, premerger notification or trade regulation laws, regulations or orders; provided that such efforts shall not require II-VI, its subsidiaries or its affiliates to make certain divestitures or agree to make certain divestitures or other limitations or take any other action that, individually or in the aggregate, would have a material adverse effect on II-VI, Finisar and their respective subsidiaries, taken as a whole, after the consummation of the transactions contemplated by the Merger Agreement.

For more information, see the section entitled The Merger Regulatory Approvals beginning on page 129 of this joint proxy statement/prospectus.

Expected Completion Date for the Merger (See page 139)

The parties expect that the Merger will be completed approximately in the middle of 2019. However, it is possible that factors outside the control of both companies could result in the Merger being completed at a different time or not at all.

Material U.S. Federal Income Tax Consequences of the Merger (See page 132)

The exchange of Finisar Common Stock for cash, II-VI Common Stock or both in the Merger generally will be a taxable transaction for U.S. federal income tax purposes and also may be taxable under state and local and other tax laws. You should read the section entitled The Merger Material U.S. Federal Income Tax Consequences beginning on page 132 of this joint proxy statement/prospectus. Tax matters can be complicated and the tax consequences of the Merger to you will depend on your particular circumstances. You are urged to consult your tax advisor regarding the U.S. federal income tax consequences of the Merger to you in your particular circumstances, as well as tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Accounting Treatment of the Merger (See page 135)

In accordance with United States generally accepted accounting principles (GAAP), II-VI will account for the Merger using the acquisition method of accounting, with II-VI being considered the acquirer of Finisar for accounting purposes. This means that II-VI will allocate the purchase price to the fair value of Finisar tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price, if any, being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually. The operating results of Finisar will be reported as part of the combined company beginning on the closing date of the Merger. The final valuation of the tangible and identifiable intangible assets acquired and liabilities assumed has not yet been completed and is not required to be completed under applicable guidance until 12 months after completion of the Merger. The finalization of the valuation could result in significantly different amortization expenses and balance sheet classifications than those presented in II-VI s unaudited pro forma condensed combined financial information included in this joint proxy statement/prospectus.

For more information, see the section entitled The Merger Accounting Treatment of the Merger beginning on page 135 of this joint proxy statement/prospectus.

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Non-Solicitation Obligations (See page 151)

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, and subject to the exceptions described below and in the Merger Agreement, Finisar has agreed not to, among other things, (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiries or offers that constitute or would reasonably be expected to lead to takeover proposal from a third party, (ii) enter into, continue or otherwise participate in any negotiations or discussions with any third party regarding any takeover proposal or that would reasonably be expected to lead to a takeover proposal, (iii) furnish any nonpublic information to a third person in connection with any takeover proposal or any inquiry, indication of interest, proposal or offer that would reasonably be expected to lead to a takeover proposal, (iv) release any provision of any confidentiality or similar provision of any agreement to which Finisar is a party, (v) approve any transaction under, or any person becoming an interested stockholder under, Section 203 of the DGCL, or (vi) enter into a letter of intent, agreement in principle, merger agreement or other similar agreement contemplating or otherwise relating to a takeover proposal. Finisar will also be liable for a breach of its representatives of the non-solicitation provisions in the Merger Agreement

However, at any time prior to the approval of the Merger Proposal by Finisar stockholders, subject to the terms and conditions described in the Merger Agreement, Finisar may, in response to an unsolicited, bona fide, written takeover proposal that the Finisar Board concludes in good faith, after consultation with its advisors, is, or is reasonably likely to lead to, a superior proposal, (i) furnish any information (including nonpublic information) and access relating to Finisar or any of its subsidiaries to the person making the takeover proposal and (ii) enter into, engage and participate in discussions or negotiations with such person and its representatives (subject to promptly notifying II-VI in writing of the identity of the person making the takeover proposal, the material terms thereof and a copy of any written proposal or definitive agreement relating to the takeover proposal); provided, in each case, that such takeover proposal did not result from a breach of the non-solicitation provisions in the Merger Agreement, Finisar enters into a confidentiality agreement with such third party that is no less favorable than the confidentiality agreement entered into with II-VI, except that such confidentiality agreement may contain a less restrictive or no standstill or similar restriction, and Finisar provides to II-VI any nonpublic information made available to such third party that was not previously made available to II-VI.

For more information, see the section entitled The Merger Agreement No Solicitation of Alternative Proposals beginning on page 151 of this joint proxy statement/prospectus.

Termination of the Merger Agreement (See page 161)

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, and subject to the terms and conditions set forth in the Merger Agreement, the Merger Agreement may be terminated at any time before completion of the Merger in any of the following ways:

by mutual written consent of II-VI and Finisar; or

by either II-VI or Finisar, if:

there is any law or order of any governmental authority restraining, enjoining or otherwise prohibiting or making illegal the consummation of the Merger that has become final and non-applicable; provided

that this termination right is not available to II-VI or Finisar, as applicable, if II-VI s or Finisar s, as applicable, failure to comply with the Merger Agreement is a principal cause of or resulted in the imposition of such law or order;

the Merger has not been completed on or before November 8, 2019; provided that this termination right is not available to II-VI or Finisar, as applicable, if II-VI s or Finisar s, as applicable, failure to comply with the Merger Agreement is a principal cause of or results in the failure of the Merger to occur before November 8, 2019;

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Finisar stockholders fail to approve the Merger Proposal at the Finisar Special Meeting;

II-VI shareholders fail to approve the Share Issuance Proposal at the II-VI Special Meeting; or

there has been a breach of any of the (i) covenants or agreements or (ii) representations or warranties on the part of Finisar, on the one hand, or II-VI or Merger Sub, on the other hand, that would, in either case, individually or in the aggregate, cause Finisar, on the one hand, or II-VI or Merger Sub, on the other hand, to fail to satisfy the applicable condition to completion of the Merger related to performance of covenants and agreements or accuracy of representations and warranties, as applicable, and that breach either is incapable of being cured by November 8, 2019 or has not been cured within 30 days following notice from the non-breaching party of such breach; provided that II-VI and Merger Sub or Finisar, as applicable, is not then in material breach of its applicable representations, warranties, covenants or agreements in the Merger Agreement; provided further that this termination right is not exercisable in respect of any such breach (1) at any time during such thirty day period, if applicable, and (2) at any time after such thirty day period if such breach is cured within such thirty day period; or

by II-VI (within certain time limitations as set forth in the Merger Agreement) if, prior to the date the Finisar stockholders adopt the Merger Proposal:

the Finisar Board fails to include the recommendation that Finisar stockholders adopt the Merger Proposal in this joint proxy statement/prospectus; provided that II-VI terminates within the earlier of (i) 15 business days after obtaining actual knowledge of such actions and (ii) the day immediately preceding the Finisar Special Meeting;

the Finisar Board withdraws, amends or modifies (or publicly proposes to withdraw, amend or modify) in a manner adverse to II-VI its recommendation that Finisar stockholders adopt the Merger Proposal or approves, endorses, recommends or otherwise declares advisable (publicly or otherwise) or publicly proposes to approve, endorse or recommend, or otherwise declare advisable, any takeover proposal; provided that II-VI terminates within the earlier of (i) 15 business days after obtaining actual knowledge of such actions and (ii) the day immediately preceding the Finisar Special Meeting; or

Finisar has willfully breached in any material respect any of its non-solicitation obligations under the Merger Agreement; provided that II-VI terminates within the earlier of (i) 15 business days after obtaining actual knowledge of such actions and (ii) the day immediately preceding the Finisar Special Meeting; or

by Finisar (within certain time limitations as set forth in the Merger Agreement):

if, prior to the date the II-VI shareholders adopt the Share Issuance Proposal, the II-VI Board fails to include the recommendation that II-VI shareholders adopt the Share Issuance Proposal in this joint

proxy statement/prospectus; provided that Finisar terminates within the earlier of (i) 15 business days after obtaining actual knowledge of such actions and (ii) the day immediately preceding the II-VI Special Meeting;

if, prior to the date the II-VI shareholders adopt the Share Issuance Proposal, the II-VI Board withdraws, amends or modifies (or publicly proposes to withdraw, amend or modify) in a manner adverse to Finisar its recommendation that II-VI shareholders approve the Share Issuance Proposal; provided that Finisar terminates within the earlier of (i) 15 business days after obtaining actual knowledge of such actions and (ii) the day immediately preceding the II-VI Special Meeting; or

at any time prior to the date the Finisar stockholders adopt the Merger Proposal, in order to enter into a written definitive agreement with respect to a superior proposal (which definitive agreement

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must be entered into concurrently with, or immediately following, the termination of the Merger Agreement); provided that Finisar concurrently pays to II-VI the applicable termination fee.

For more information, see the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 161 of this joint proxy statement/prospectus.

Termination Fees (See page 163)

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, and subject to the terms and conditions of the Merger Agreement, Finisar has agreed to pay II-VI a termination fee of $105.2 million if the Merger Agreement is terminated pursuant to its terms under any of the following circumstances:

by II-VI because the Finisar Board fails to include the recommendation that Finisar stockholders adopt the Merger Proposal in this joint proxy statement/prospectus;

by II-VI because the Finisar Board withdraws, amends or modifies (or publicly proposes to withdraw, amend or modify) in a manner adverse to II-VI its recommendation that Finisar stockholders adopt the Merger Proposal or approves, endorses, recommends or otherwise declares advisable (publicly or otherwise) or publicly proposes to approve, endorse or recommend, or otherwise declare advisable, any takeover proposal;

by II-VI because Finisar has willfully breached in any material respect any of its non-solicitation obligations under the Merger Agreement; or

by Finisar in order to enter into a written definitive agreement with respect to a superior proposal;

In addition, subject to the terms and conditions of the Merger Agreement, Finisar has agreed to pay II-VI a termination fee of $105.2 million if the Merger Agreement is terminated pursuant to its terms under any of the following circumstances:

by either party because the Merger has not been completed on or before November 8, 2019, and Finisar was not otherwise entitled to terminate the Merger Agreement pursuant to its terms due to a breach of any of the covenants or agreements or any of the representations or warranties of II-VI;

by II-VI because there has been a breach of any of the (i) covenants or agreements or (ii) representations or warranties on the part of Finisar that would, in either case, individually or in the aggregate, cause Finisar to fail to satisfy the applicable condition to completion of the Merger related to performance of covenants and agreements or accuracy of representations and warranties, as applicable, and that breach either is incapable of being cured by November 8, 2019 or has not been cured within 30 days following notice from II-VI of such breach; provided that neither II-VI nor Merger Sub is then in material breach of its applicable representations, warranties, covenants or agreements in the Merger Agreement; or

by either party because Finisar stockholders fail to approve the Merger Proposal at the Finisar Special Meeting;

and, subject to various conditions set forth in the Merger Agreement, within 12 months after such termination Finisar enters into a written definitive agreement providing for the completion of a Finisar takeover proposal (which transaction is subsequently consummated).

Subject to the terms and conditions of the Merger Agreement, II-VI has agreed to pay Finisar a termination fee of $105.2 million if Finisar terminates the Merger Agreement pursuant to its terms under any of the following circumstances:

the II-VI Board fails to include the recommendation that II-VI shareholders adopt the Share Issuance Proposal in this joint proxy statement/prospectus; or

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the II-VI Board withdraws, amends or modifies (or publicly proposes to withdraw, amend or modify) in a manner adverse to Finisar its recommendation that II-VI shareholders approve the Share Issuance Proposal.

For more information, see the section entitled The Merger Agreement Fees and Expenses and Termination Fees beginning on page 163 of this joint proxy statement/prospectus.

Specific Performance; Remedies (See page 165)

Under the Merger Agreement, each of II-VI and Finisar is entitled to an injunction or injunctions to prevent breaches of the Merger Agreement and to specifically enforce the terms and provisions of the Merger Agreement. See the section entitled The Merger Agreement Specific Performance beginning on page 165 of this joint proxy statement/prospectus.

Description of Debt Financing (See page 135)

On November 8, 2018, in connection with its entry into the Merger Agreement, II-VI entered into the Commitment Letter, which was subsequently amended and restated on December 7, 2018 and on December 14, 2018. Subject to the terms and conditions set forth in the Commitment Letter, the Lending Parties have severally committed to provide 100% of up to $2.425 billion in aggregate principal amount of the II-VI Senior Credit Facilities, comprised of (i) a term a loan facility of up to $1.0 billion, a portion of which will be available after the closing of the Merger on a delayed draw basis, (ii) a term b loan facility of up to $975.0 million and (iii) a revolving credit facility of up to $450.0 million. II-VI currently intends to pay the cash portion of the aggregate Merger Consideration and pay related fees and expenses in connection with the Merger using the proceeds of draws under the II-VI Senior Credit Facilities and cash and short-term investments of II-VI and Finisar. II-VI currently does not intend to draw on the revolving credit facility in order to fund the cash portion of the aggregate Merger Consideration.

The commitments of the Lead Arrangers with respect to the II-VI Senior Credit Facilities will automatically terminate at 11:59 p.m., New York City time, on the first to occur of (i) November 8, 2019 (unless the Merger occurs on or prior thereto), (ii) the date of closing of the Merger without the use of proceeds from the II-VI Senior Credit Facilities or (iii) the date on which II-VI delivers written notice to terminate its obligations under the Merger Agreement pursuant to the terms thereof or the date that the Merger Agreement is terminated.

The documentation governing the II-VI Senior Credit Facilities has not been finalized and, accordingly, the actual terms of the II-VI Senior Credit Facilities may differ from those described herein or in the Commitment Letter as a result of the syndication process. Although the debt financing described in this joint proxy statement/prospectus is not subject to a due diligence or market out, such financing may not be considered assured. The obligation of the Lead Arrangers to provide the debt financing under the Commitment Letter is subject to a number of conditions. There is a risk that these conditions will not be satisfied and the II-VI Senior Credit Facilities may not be funded when required or at all. As of the date of this joint proxy statement/prospectus, no alternative financing arrangements have been made in the event the II-VI Senior Credit Facilities are not available, and any such alternative financing arrangements may not be available on acceptable terms, or at all, if the II-VI Senior Credit Facilities are not consummated.

See the section entitled The Merger Description of Debt Financing beginning on page 135 of this joint proxy statement/prospectus.

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Treatment of Finisar Convertible Notes (See page 136)

As of the date of this joint proxy statement/prospectus, Finisar has outstanding approximately $1.1 million aggregate principal amount of 2033 Notes and $575.0 million aggregate principal amount of 2036 Notes.

At the consummation of the Merger and pursuant to the Indentures, II-VI, the Surviving Corporation and the Trustee will enter into supplemental indentures to the Indentures. The respective supplemental indentures will comply with the applicable terms of the Indentures and will, among other things, provide that (y) at and after the Effective Time, the right to convert each $1,000 principal amount of the applicable Finisar Convertible Notes will be changed into a right to convert such principal amount of the applicable Finisar Convertible Notes into the weighted average of the types and amounts of consideration received by holders of Finisar Common Stock that affirmatively make an election to receive Cash Election Consideration, Stock Election Consideration or Mixed Election Consideration that a holder of a number of shares of Finisar Common Stock equal to the applicable conversion rate immediately prior to the consummation of the Merger would have owned or been entitled to receive in connection with the Merger (the Reference Property) and (z) II-VI fully and unconditionally guarantees, on a senior unsecured basis, the Finisar Convertible Notes.

Pursuant to the terms of the Indentures, consummation of the Merger will constitute a Fundamental Change and a Make Whole Fundamental Change. As a result, holders of the Finisar Convertible Notes will be permitted to choose, pursuant, and subject, to the terms and conditions of the Indentures (i) to convert their Finisar Convertible Notes, (ii) to require Finisar to repurchase their Finisar Convertible Notes for a price equal to 100% of their principal amount, together with accrued and unpaid interest to, but excluding, the repurchase date, or (iii) to continue holding their Finisar Convertible Notes until maturity or until they are otherwise redeemed, repurchased, or converted pursuant to the terms of the applicable Indenture. Neither II-VI, Merger Sub, Finisar nor any of their respective affiliates or representatives have made, or intend to make, any recommendation to any holder of Finisar Convertible Notes regarding this election.

Pursuant to the terms of the Indentures, Finisar, as the Surviving Corporation, will continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of the Finisar Convertible Notes, and any amount payable in cash upon conversion of the Finisar Convertible Notes will continue to be payable in cash, although any shares of Finisar Common Stock that Finisar would have been required to deliver upon conversion of the Finisar Convertible Notes instead will be deliverable in the amount and type of Reference Property that a holder of that number of shares of Finisar Common Stock would have received in connection with the Merger. See the section entitled The Merger Treatment of Finisar Convertible Notes beginning on page 136 of this joint proxy statement/prospectus.

Litigation Relating to the Merger (See page 137)

As of January 17, 2019, six lawsuits have been filed by alleged Finisar stockholders challenging the Merger. The first complaint, a putative class action complaint, was filed by Herbert Hein in the Superior Court of California, County of Santa Clara, and is captioned *Hein v. Finisar Corporation, et al.*, 19CV340510. The second complaint, a putative class action complaint, was filed by Pete Tenvold in the United States District Court for the District of Delaware and is captioned *Tenvold v. Finisar Corporation, et al.*, 1:19-cv-00050. The third complaint, a putative class action complaint, was filed by Melvyn Klein in the United States District Court for the Northern District of California and is captioned *Klein v. Finisar Corporation, et al.*, 3:19-cv-00155. The fourth complaint, a putative class action complaint, was filed by Earl Wheby, Jr. in the United States District Court for the District of Delaware and is captioned *Wheby v. Finisar Corporation, et al.*, 1:19-cv-00064. The fifth complaint was filed by Pankaj Sharma individually in the United States District Court for the Northern District of California and is captioned *Sharma v. Finisar Corporation, et al.*,

3:19-cv-00220. The sixth complaint, a putative class action complaint, was filed by William Davis in the United States District Court for the Northern District of California and is captioned *Davis v. Finisar Corporation, et al.*, 3:19-cv-00271.

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The complaints name as defendants Finisar and each member of the Finisar Board. In addition, the *Hein*, *Tenvold*, and *Klein* complaints name II-VI and Merger Sub as defendants. The *Hein*, *Tenvold*, *Klein*, *Wheby*, and *Davis* complaints seek relief on behalf of a putative class defined as all similarly situated Finisar stockholders.

The *Hein* complaint alleges that the Finisar Board breached its fiduciary duties to Finisar stockholders by purportedly engaging in an insufficient sales process, obtaining inadequate merger consideration, and filing a materially misleading preliminary proxy statement that does not include, among other things, material information regarding the sales process, financial projections for both Finisar and II-VI, and financial analyses conducted by their financial advisors. The *Hein* complaint further asserts that II-VI knowingly aided and abetted the Finisar Board in breaching their fiduciary duties to Finisar stockholders by entering into the proposed transaction. The *Hein* complaint seeks preliminary and permanent injunction of the proposed transaction unless the information requested by the plaintiff is disclosed, rescission and unspecified damages if the Merger is consummated, and attorneys fees and expert fees and costs.

The *Tenvold*, *Klein*, *Wheby*, *Sharma*, and *Davis* complaints purport to state claims for violations of Section 14(a) and 20(a) of the Exchange Act and Rule 14a-9 and, in the case of the *Davis* complaint, Regulation G promulgated thereunder. The plaintiffs in these actions generally allege that the preliminary proxy statement omits material information with respect to the proposed transaction which renders the preliminary proxy statement false and misleading. The plaintiffs in these actions seek an order enjoining the defendants from filing a definitive proxy statement with the SEC or otherwise disseminating a definitive proxy statement to Finisar stockholders or proceeding with closing the Merger unless and until the preliminary proxy statement is cured. In the event the Merger is consummated prior to entry of final judgment, the *Tenvold*, *Klein*, *Wheby*, and *Sharma* complaints seek rescission of the Merger or rescissory damages, and the *Tenvold*, *Klein*, *Wheby*, *Sharma*, and *Davis* complaints also seek unspecified damages, attorneys and expert fees, and expenses and costs. The defendants believe that the complaints are without merit.

Risk Factors (See page 48)

You should also carefully consider the risks that are described in the section entitled Risk Factors beginning on page 48 of this joint proxy statement/prospectus.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF II-VI

The following table presents selected historical consolidated financial data of II-VI. The selected historical consolidated financial data of II-VI for each of its fiscal years ended June 30, 2018, 2017 and 2016, and as of June 30, 2018 and 2017, are derived from II-VI s audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for its fiscal year ended June 30, 2018, as revised by its Current Report on Form 8-K filed on December 27, 2018, both of which are incorporated by reference into this joint proxy statement/prospectus. The selected historical consolidated financial data of II-VI for each of its fiscal years ended June 30, 2015 and 2014, and as of June 30, 2016, 2015 and 2014, have been derived from II-VI s audited consolidated financial statements for such years, which have not been incorporated by reference into this joint proxy statement/prospectus.

The selected historical consolidated financial data of II-VI as of, and for the three months ended, September 30, 2018 and for the three months ended September 30, 2017, are derived from II-VI s unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 2018, which is incorporated by reference into this joint proxy statement/prospectus. The selected historical consolidated financial data of II-VI as of September 30, 2017 are derived from II-VI s unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 2017, which has not been incorporated by reference into this joint proxy statement/prospectus. II-VI s management believes that II-VI s unaudited consolidated financial statements have been prepared on a basis consistent with its audited financial statements and include all normal and recurring adjustments necessary for a fair presentation of the results for each interim period.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in II-VI s Annual Report on Form 10-K for its fiscal year ended June 30, 2018, as revised by its Current Report on Form 8-K filed on December 27, 2018, and II-VI s Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 2018, including Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related

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notes therein. See the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

	Three Months Ended September 30,		Year Ended June 30,				
	2018	2017	2018	2017	2016	2015	2014
	(In thousands, except per share amounts)						
Consolidated Statement of Earnings Data:							
Net revenues from continuing operations	$ 314,433	$ 261,503	$ 1,158,794	$ 972,046	$ 827,216	$ 741,961	$ 683,261
Earnings from continuing operations	26,149	21,141	88,002	95,274	65,486	65,975	38,316
Earnings from discontinued operation							133
Net earnings	26,149	21,141	88,002	95,274	65,486	65,975	38,449
Basic earnings per share:							
Continuing operations	0.41	0.34	1.41	1.52	1.07	1.08	0.62
Discontinued operations							
Consolidated	0.41	0.34	1.41	1.52	1.07	1.08	0.62
Diluted earnings per share:							
Continuing operations	0.40	0.32	1.35	1.48	1.04	1.05	0.60
Discontinued operations							
Consolidated	0.40	0.32	1.35	1.48	1.04	1.05	0.60
Diluted weighted average shares outstanding	66,158	65,283	65,133	64,507	62,909	62,586	63,686

	As of September 30,		As of June 30,				
	2018	2017	2018	2017	2016	2015	2014
	(In thousands)						
Balance Sheet Data:							
Working capital	$ 592,059	$ 515,213	$ 525,370	$ 517,344	$ 411,721	$ 373,812	$ 370,666
Total assets	1,880,643	1,583,805	1,761,661	1,477,297	1,211,981	1,057,273	1,070,753
Long-term debt	517,144	384,742	419,013	322,022	215,307	155,066	220,787
Total debt	537,144	404,742	439,013	342,022	235,307	175,066	240,787
Retained earnings	862,213	769,203	836,064	748,062	652,788	587,302	521,327
Shareholders equity	1,043,588	943,762	1,024,311	900,563	782,338	729,081	675,043

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FINISAR

The following table presents selected historical consolidated financial data of Finisar. The selected historical consolidated financial data of Finisar for each of its fiscal years ended April 29, 2018, April 30, 2017 and May 1, 2016, and as of April 29, 2018 and April 30, 2017, are derived from Finisar s audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for its fiscal year ended April 29, 2018, which is incorporated by reference into this joint proxy statement/prospectus. The selected historical consolidated financial data of Finisar for each of its fiscal years ended May 3, 2015 and April 27, 2014, and as of May 1, 2016, May 3, 2015 and April 27, 2014, have been derived from Finisar s audited consolidated financial statements for such years, which have not been incorporated by reference into this joint proxy statement/prospectus.

The selected historical consolidated financial data of Finisar as of, and for the six months ended, October 28, 2018 and for the six months ended October 29, 2017, are derived from Finisar s unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for its fiscal quarter ended October 28, 2018, which is incorporated by reference into this joint proxy statement/prospectus. The selected historical consolidated financial data of Finisar as of October 29, 2017 are derived from Finisar s unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for its fiscal quarter ended October 29, 2017, which has not been incorporated by reference into this joint proxy statement/prospectus. Finisar s management believes that Finisar s unaudited consolidated financial statements have been prepared on a basis consistent with its audited financial statements and include all normal and recurring adjustments necessary for a fair presentation of the results for each interim period.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in Finisar s Annual Report on Form 10-K for its fiscal year ended April 29, 2018 and Finisar s Quarterly Report on Form 10-Q for its fiscal quarter ended October 28, 2018, including Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes therein. See the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

	Six Months Ended		Year Ended				
	October 28, 2018	October 29, 2017	April 29, 2018	April 30, 2017	May 1, 2016	May 3, 2015	April 27, 2014
	(In thousands, except per share amounts)						
Consolidated Statement of Operations Data:							
Revenues	$ 642,759	$ 674,011	$ 1,316,483	$ 1,449,303	$ 1,263,166	$ 1,250,944	$ 1,156,833
Consolidated net income (loss)	(23,764)	25,716	(48,286)	249,346	35,193	11,887	111,537
Net income (loss) per share attributable to Finisar Corporation common stockholders:							
Basic	(0.20)	0.23	(0.42)	2.26	0.33	0.12	1.16
Diluted	(0.20)	0.22	(0.42)	2.19	0.32	0.11	1.09

	October 28, 2018	October 29, 2017	April 29, 2018	As of April 30, 2017	May 1, 2016	May 3, 2015	April 27, 2014
				(In thousands)			
Balance Sheet Data:							
Total assets	$ 2,593,185	$ 2,622,599	$ 2,583,185	$ 2,539,882	$ 1,645,371	$ 1,551,882	$ 1,497,546
Long-term portion of convertible notes.	499,838	723,784	488,877	707,782	229,393	221,406	212,253

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following selected unaudited pro forma condensed combined financial information of II-VI presents the selected unaudited pro forma condensed combined balance sheet as of September 30, 2018 and the selected unaudited pro forma condensed combined statements of operations for the year ended June 30, 2018 and the three months ended September 30, 2018. The selected unaudited pro forma condensed combined financial information includes the historical results of II-VI and Finisar after giving pro forma effect to the Merger and other transactions as described in the section entitled Unaudited Pro Forma Condensed Combined Financial Information beginning on page 170 of this joint proxy statement/prospectus and under Notes to Unaudited Pro Forma Condensed Combined Financial Information beginning on page 174 of this joint proxy statement/prospectus.

The selected unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The selected unaudited pro forma adjustments reflecting the Merger and other transactions described in the section entitled Unaudited Pro Forma Condensed Combined Financial Information beginning on page 170 of this joint proxy statement/prospectus and under Notes to Unaudited Pro Forma Condensed Combined Financial Information beginning on page 174 of this joint proxy statement/prospectus have been prepared in accordance with the acquisition method of accounting in accordance with FASB ASC Topic 805, *Business Combinations*, where II-VI is the accounting acquirer and Finisar is the accounting acquiree.

The selected unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the Merger actually occurred on the dates indicated, nor do they purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. The assumed accounting for the Merger, including estimated aggregate Merger Consideration, is based on provisional amounts, and the associated purchase accounting is not final. The preliminary allocation of the purchase price to the acquired assets and assumed liabilities was based upon the preliminary estimate of fair values. For the preliminary estimate of fair values of assets acquired and liabilities assumed of Finisar, II-VI used publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions. The selected unaudited pro forma adjustments are based upon available information and certain assumptions that II-VI believes are reasonable under the circumstances. Actual results may differ materially from the assumptions within the accompanying selected unaudited pro forma condensed combined financial information. The purchase price adjustments relating to the Finisar and II-VI combined financial information are preliminary and subject to change, as additional information becomes available and as additional analyses are performed. All pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma condensed combined financial information. See Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus and

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Unaudited Pro Forma Condensed Combined Financial Information beginning on page 170 of this joint proxy statement/prospectus.

	As of and for the Three Months Ended September 30, 2018	Year Ended June 30, 2018
	(in thousands, except per share amounts)	
Pro Forma Statement of Operations Information:		
Total Revenues	$ 635,887	$ 2,433,310
Net Earnings (Loss)	(18,447)	(150,792)
Net earnings (loss) Basic earnings (loss) per share	$ (0.21)	$ (1.70)
Net earnings (loss) Diluted earnings (loss) per share	$ (0.21)	$ (1.70)
Pro Forma Balance Sheet Information:		
Cash and cash equivalents	$ 374,432	
Total Assets	5,017,419	
Long-term debt	2,157,819	
Long-term debt including the current portion	2,217,569	
Total Liabilities	3,001,391	
Total Shareholders Equity	2,016,028	

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COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

Historical Per Share Data for II-VI Common Stock and Finisar Common Stock

Finisar s most recent fiscal year ended on April 29, 2018 and II-VI s most recent fiscal year ended on June 30, 2018. As a consequence of Finisar s and II-VI s different fiscal years, the amounts presented as Finisar s historical information in the table below for the three months ended September 30, 2018 represent Finisar s historical information for its three months ended October 28, 2018 and is derived from Finisar s unaudited condensed consolidated financial statements as of and for the three months ended October 28, 2018. In addition, the amounts presented as Finisar s historical information in the table below for the year ended June 30, 2018 represent Finisar s historical information for its 12 months ended July 29, 2018 and is derived by adding the audited consolidated financial statements of Finisar as of and for the year ended April 29, 2018 to the unaudited condensed consolidated financial statements of Finisar as of and for the three months ended July 29, 2018 and deducting the unaudited condensed consolidated financial statements of Finisar as of and for the three months ended July 30, 2017. The historical per share data for II-VI Common Stock below is derived from the audited consolidated financial statements of II-VI as of and for the year ended June 30, 2018, and the unaudited condensed consolidated financial statements of II-VI as of and for the three months ended September 30, 2018.

Unaudited Pro Forma Combined Per Share Data for II-VI Common Stock

The unaudited pro forma combined per share data for II-VI Common Stock set forth below gives effect to the Merger, and the estimated financing used to finance the Merger, as if it had been consummated on July 1, 2017, the beginning of the earliest period presented, in the case of earnings per share data, and as of September 30, 2018 in the case of book value per share data, and assuming that each outstanding share of Finisar Common Stock had been converted into 0.2218 shares of II-VI Common Stock and $15.60 of cash.

The unaudited pro forma combined per share data for II-VI Common Stock has been derived from the audited consolidated financial statements of II-VI as of and for the year ended June 30, 2018 and the unaudited consolidated financial statements of Finisar as of and for the 12 months ended July 29, 2018, which are calculated by adding the audited consolidated financial statements of Finisar as of and for the year ended April 29, 2018 to the unaudited condensed consolidated financial statements of Finisar as of and for the three months ended July 29, 2018 and deducting the unaudited condensed consolidated financial statements of Finisar as of and for the three months ended July 30, 2017. In addition, the unaudited pro forma combined per share data for II-VI Common Stock has been derived from the unaudited condensed consolidated financial statements of II-VI as of and for the three months ended September 30, 2018 and the unaudited condensed consolidated financial statements of Finisar as of and for the three months ended October 28, 2018.

The unaudited pro forma combined per share data for II-VI Common Stock has been derived using the acquisition method of accounting. See Unaudited Pro Forma Condensed Combined Financial Information. Accordingly, the pro forma adjustments reflect the assets and liabilities of Finisar at their preliminary estimated fair values. Differences between these preliminary estimates and the values finalized within 12 months after the completion of the Merger in accordance with applicable accounting guidance could occur and these differences could have a material impact on the unaudited pro forma combined per share information set forth below.

The unaudited pro forma combined per share data for II-VI Common Stock does not purport to represent the actual results of operations that II-VI would have achieved had the Merger been completed at the relevant dates used or to project the future results of operations that II-VI may achieve after the Merger.

Unaudited Pro Forma Combined Per Finisar Equivalent Share Data

The unaudited pro forma combined Finisar equivalent per share data set forth below shows the effect of the Merger from the perspective of an owner of Finisar Common Stock. The information was calculated by

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multiplying the unaudited pro forma combined per share data for II-VI Common Stock by 0.2218, the number of shares of II-VI Common Stock to be issued per share of Finisar Common Stock as Mixed Election Consideration.

Generally

You should read the below information in conjunction with the selected historical consolidated financial data included elsewhere in this joint proxy statement/prospectus and the historical consolidated financial statements of II-VI and Finisar and related notes that have been filed with the SEC, certain of which are incorporated by reference into this joint proxy statement/prospectus. See Selected Historical Consolidated Financial Data of II-VI, Selected Historical Consolidated Financial Data of Finisar and Where You Can Find More Information in this joint proxy statement/prospectus. The unaudited pro forma combined per share data for II-VI Common Stock and the unaudited pro forma combined per Finisar equivalent share data is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included in this joint proxy statement/prospectus. See Unaudited Pro Forma Condensed Combined Financial Information.

The following table sets forth certain historical and unaudited pro forma combined per share information for II-VI and Finisar.

	As of/For the Three Months Ended September 30, 2018	As of/For the Year Ended June 30, 2018
II-VI Historical		
Earnings per share:		
Basic	$ 0.41	$ 1.41
Diluted	0.40	1.35
Book value per share of common stock[1]	16.41	16.18
Dividends declared per share of common stock		
Finisar Historical		
Earnings per share:		
Basic	(0.04)	(0.74)
Diluted	(0.04)	(0.74)
Book value per share of common stock[2]	13.64	13.69
Dividends declared per share of common stock		
Unaudited Pro Forma Combined Per II-VI Share Data for II-VI Common Stock		
Earnings per share:		
Basic	(0.21)	(1.70)
Diluted	(0.21)	(1.70)
Book value per share of common stock[3]	22.47	N/A

Unaudited Pro Forma Combined Per Finisar Equivalent Share Data[4]		
Earnings per share:		
Basic	(0.05)	(0.38)
Diluted	(0.05)	(0.38)
Book value per share of common stock	4.98	N/A

(1) Calculated by dividing shareholders equity of $1,043,588,000 and $1,024,311,000 as of September 30, 2018 and June 30, 2018, respectively, by 63,578,099 and 63,296,892 outstanding shares of II-VI Common Stock as of September 30, 2018 and June 30, 2018, respectively.

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(2) Calculated by dividing stockholders equity of $1,600,285,000 and $1,603,448,000 as of October 28, 2018 and July 29, 2018, respectively, by 117,354,000 and 117,160,000 outstanding shares of Finisar Common Stock as of October 28, 2018 and July 29, 2018, respectively.

(3) Calculated by dividing pro forma shareholders equity of $2,016,028,000 by 89,711,577 pro forma outstanding shares of II-VI Common Stock. Unaudited pro forma combined book value per share of common stock as of June 30, 2018 is not applicable as the estimation of pro forma adjustments have been calculated as of September 30, 2018.

(4) Assumes amounts calculated by multiplying unaudited pro forma combined per share amounts by 0.2218, the number of shares of II-VI Common Stock issuable per share of Finisar Common Stock as Mixed Election Consideration, which does not include the $15.60 cash portion of the Mixed Election Consideration.

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COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

Market Prices

II-VI Common Stock is listed for trading on the Nasdaq Global Select Market under the ticker symbol IIVI. Finisar Common Stock is listed for trading on the Nasdaq Global Select Market under the ticker symbol FNSR.

Comparative Per Share Market Price Information

The following table presents the closing sale price per share of Finisar Common Stock and II-VI Common Stock reported on the Nasdaq Global Select Market on November 8, 2018, the last trading day before the public announcement of the Merger Agreement, and February 7, 2019, the last practicable trading day prior to the mailing of this joint proxy statement/prospectus. The table also shows the estimated value of the per share Merger Consideration for each share of Finisar Common Stock on the relevant date.

	Finisar Closing Price	II-VI Closing Price	Value of the Per Share Merger Consideration[(1)]
November 8, 2018	$ 18.88	$ 46.88	$ 26.00
February 7, 2019	$ 22.46	$ 36.53	$ 23.70

(1) Assumes the receipt of Mixed Election Consideration. The implied value of the per share consideration for each share of Finisar Common Stock represents the sum of (i) $15.60, the cash portion of the Mixed Election Consideration, plus (ii) the implied value of the stock portion of the Mixed Consideration, based on the closing prices of II-VI Common Stock of $46.88 on November 8, 2018 and $36.53 on February 7, 2019, multiplied by 0.2218, the number of shares of II-VI Common Stock issuable per share of Finisar Common Stock as Mixed Election Consideration.

The above table shows only historical comparisons. The market price of Finisar Common Stock and II-VI Common Stock will fluctuate prior to the Finisar Special Meeting and before the consummation of the Merger, which will affect the implied value of the stock portion of the Merger Consideration paid to the Finisar stockholders. These comparisons may not provide meaningful information to Finisar stockholders in determining whether to adopt the Merger Agreement. Finisar stockholders are urged to obtain current market quotations for II-VI Common Stock and Finisar Common Stock and to review carefully the other information contained in, or incorporated by reference into, this joint proxy statement/prospectus in considering whether to adopt the Merger Agreement. See Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

In addition, Finisar stockholders may not receive all consideration in the form they elect. See Questions and Answers About the Merger and the Special Meetings What will Finisar stockholders receive if the Merger is completed? beginning on page 2 of this joint proxy statement/prospectus.

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Comparative Stock Prices and Dividends

The following tables set forth, for the respective periods of Finisar and II-VI indicated, the intraday high and low sale prices per share of Finisar Common Stock and II-VI Common Stock as reported by the Nasdaq Global Select Market. Neither Finisar nor II-VI has historically paid dividends on its common stock, and neither company presently anticipates paying any dividends on its common stock in the foreseeable future.

	Finisar Common Stock		
	High	Low	Cash Dividend Declared
Fiscal Year 2016			
First quarter	$ 23.141	$ 16.86	
Second quarter	17.79	10.66	
Third quarter	14.97	11.11	
Fourth quarter	19.00	12.19	
Fiscal Year 2017			
First quarter	19.53	15.21	
Second quarter	31.42	18.00	
Third quarter	36.85	27.13	
Fourth quarter	36.41	21.53	
Fiscal Year 2018			
First quarter	28.99	22.31	
Second quarter	27.97	20.16	
Third quarter	25.41	17.20	
Fourth quarter	21.73	14.251	
Fiscal Year 2019			
First quarter	19.00	15.42	
Second quarter	21.63	15.91	
Third quarter	23.68	15.81	
Fourth quarter (through February 7, 2019)	23.12	21.33	

	II-VI Common Stock		
	High	Low	Cash Dividend Declared
Fiscal Year 2016			
First quarter	$ 19.30	$ 15.042	
Second quarter	19.46	15.69	
Third quarter	22.18	16.09	
Fourth quarter	23.39	17.91	
Fiscal Year 2017			
First quarter	24.46	17.76	
Second quarter	32.45	23.80	
Third quarter	41.10	29.10	

Fourth quarter	36.35	27.25
Fiscal Year 2018		
First quarter	41.425	34.00
Second quarter	52.55	39.60
Third quarter	53.075	36.60
Fourth quarter	49.30	38.05
Fiscal Year 2019		
First quarter	50.75	38.45
Second quarter	47.96	29.31
Third quarter (through February 7, 2019)	40.18	29.40

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RISK FACTORS

In deciding how and whether to vote, you should carefully consider the following risk factors and all of the information contained in or incorporated by reference into this joint proxy statement/prospectus, including but not limited to, the matters addressed in the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 62 of this joint proxy statement/prospectus and the matters discussed under Item 1A. Risk Factors of II-VI s Annual Report on Form 10-K for the fiscal year ended June 30, 2018, as updated from time to time in II-VI s subsequent filings with the SEC, which are incorporated by reference into this joint proxy statement/prospectus, and Finisar s Annual Report on Form 10-K for the fiscal year ended April 29, 2018, as updated from time to time in Finisar s subsequent filings with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information of this joint proxy statement/prospectus.

Risks Relating to the Merger

The Merger is subject to approval by the shareholders of II-VI and the stockholders of Finisar.

In order for the Merger to be completed, among other things, II-VI shareholders must approve the Share Issuance Proposal, which requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast (assuming a quorum is present), and Finisar stockholders must approve the Merger Proposal, which requires the affirmative vote of holders of a majority of the outstanding shares of Finisar Common Stock at the Finisar Special Meeting. There can be no assurance that either approval will be obtained.

II-VI s stock price may be negatively impacted by risks, conditions and developments that apply to II-VI, some of which are different from the risks, conditions and developments applicable to Finisar.

Upon completion of the Merger, Finisar stockholders who elect to receive Stock Election Consideration or Mixed Election Consideration will become holders of II-VI Common Stock, and Finisar stockholders who elect to receive Cash Election Consideration may become holders of II-VI Common Stock. See Finisar stockholders may not receive all consideration in the form they elect. The businesses and markets of II-VI are different from those of Finisar in some respects. There is a risk that various factors, conditions and developments that would not affect the price of Finisar Common Stock could negatively affect the price of II-VI Common Stock. The issuance of shares of II-VI Common Stock in the Merger could on its own have the effect of depressing the market price for II-VI Common Stock. In addition, many Finisar stockholders may decide not to hold the shares of II-VI Common Stock they receive as a result of the Merger. Other Finisar stockholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of II-VI Common Stock they receive as a result of the Merger. Any such sales of II-VI Common Stock could have the effect of depressing the market price for II-VI Common Stock.

Finisar stockholders may not receive all consideration in the form they elect.

Finisar stockholders that elect to receive Cash Election Consideration or Stock Election Consideration will be subject to proration if holders of Finisar Common Stock, in the aggregate, elect to receive more or less than the aggregate amount of cash consideration or II-VI Common Stock to be paid in the Merger. Accordingly, Finisar stockholders who elect to receive Cash Election Consideration or Stock Election Consideration may instead receive a combination of cash and shares of II-VI Common Stock if necessary to maintain the aggregate mix of consideration described above. The relative proportion of stock and cash that a Finisar stockholder receives may also have a value that is

higher or lower than the relative proportion of stock and cash that the Finisar stockholder elected to receive. A discussion of the proration mechanism can be found under the heading The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus.

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II-VI and Finisar may have difficulty attracting, motivating and retaining executives and other employees in light of the Merger.

Uncertainty about the effect of the Merger on II-VI and Finisar employees may have an adverse effect on II-VI and Finisar and consequently the combined company. This uncertainty may impair II-VI s and Finisar s ability to attract, retain and motivate personnel both before and after completion of the Merger. II-VI and Finisar are dependent on the experience and industry knowledge of their officers and other key employees to execute their business plans. The combined company s success after the Merger will depend in part upon its ability to retain key management personnel and other key employees of II-VI and Finisar. Employee retention may be particularly challenging during the pendency of the Merger, as employees may feel uncertain about their future roles with the combined company. In addition, II-VI and Finisar may have to provide additional compensation in order to retain employees.

If employees of II-VI or Finisar depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of the combined company, the combined company s ability to realize the anticipated benefits of the Merger could be reduced. II-VI may have to incur significant costs in retaining such individuals or in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business of Finisar, and II-VI s ability to realize the anticipated benefits of the Merger may be materially and adversely affected. Accordingly, no assurance can be given that II-VI will be able to attract or retain key employees following the completion of the Merger to the same extent that II-VI or Finisar has been able to attract or retain employees in the past.

II-VI and Finisar will incur significant transaction-related costs in connection with the Merger.

II-VI and Finisar expect to incur a number of non-recurring transaction-related costs associated with completing the Merger, combining the operations of the two companies and achieving desired synergies. These fees and costs will be significant. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. II-VI will incur significant costs with respect to the financing for the cash consideration to be paid in connection with the Merger. Additional unanticipated costs may be incurred in the integration of the businesses of II-VI and Finisar. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all.

Failure to successfully combine the businesses of II-VI and Finisar in the expected time frame may adversely affect the future results of the combined company, and, consequently, the value of any II-VI Common Stock that Finisar stockholders receive as part of the Merger Consideration.

The success of the Merger will depend, in part, on the ability of II-VI to realize the anticipated benefits and synergies from combining the businesses of II-VI and Finisar. To realize these anticipated benefits, the businesses must be successfully combined. The combined business s ability to successfully manage this expanded business will depend, in part, upon management s ability to implement an effective integration of the two companies and its ability to manage a combined business with significantly larger size and scope with the associated increased costs and complexity. If the combined company is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the Merger may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the Merger. These integration difficulties could result in declines in the market value of II-VI Common Stock and, consequently, result in declines in the market value of the II-VI Common Stock that Finisar stockholders receive as part of the aggregate Merger Consideration and continue to hold following consummation of the Merger.

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The Merger is subject to conditions, including certain conditions that may not be satisfied, and may not be completed on a timely basis, or at all. Failure to complete the Merger could have material and adverse effects on Finisar and II-VI.

The completion of the Merger is subject to a number of conditions, including the approval of the Share Issuance Proposal by the II-VI shareholders and approval of the Merger Proposal by the Finisar stockholders, which make the completion and timing of the completion of the Merger uncertain. For more information relating to conditions to completion of the Merger, see the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 160 of this joint proxy statement/prospectus. Also, either Finisar or II-VI may terminate the Merger Agreement if the Merger has not been completed by November 8, 2019; provided that this termination right is not available to II-VI or Finisar, as applicable, if II-VI s or Finisar s, as applicable, failure to comply with the Merger Agreement is a principal cause of or results in the failure of the Merger to occur before November 8, 2019.

If the Merger is not completed on a timely basis, or at all, II-VI s and Finisar s respective ongoing businesses may be adversely affected and, without realizing any of the benefits of having completed the Merger, II-VI and Finisar will be subject to a number of risks, including the following:

- II-VI or Finisar may be required to pay the other party a termination fee of $105.2 million in certain circumstances and as described in the section entitled The Merger Agreement Fees and Expenses and Termination Fees beginning on page 163 of this joint proxy statement/prospectus;

- II-VI and Finisar will be required to pay certain costs relating to the Merger, whether or not the Merger is completed, such as legal, accounting, financial advisor and printing fees;

- under the Merger Agreement, each of II-VI and Finisar is subject to certain restrictions on the conduct of its business prior to completing the Merger, which may adversely affect its ability to execute certain of its business strategies;

- time and resources committed by II-VI s and Finisar s respective management to matters relating to the Merger could otherwise have been devoted to pursuing other beneficial opportunities;

- the market price of II-VI Common Stock or Finisar Common Stock could decline below current market prices to the extent that such current market prices reflect a market assumption that the Merger will be completed; and

- if the Merger Agreement is terminated and the Finisar Board seeks another business combination, stockholders of Finisar cannot be certain that Finisar will be able to find a party willing to enter into a business combination or other strategic transaction on terms equivalent to or more attractive than the terms that II-VI has agreed to in the Merger Agreement.

In addition, if the Merger is not completed, II-VI and/or Finisar may experience negative reactions from the financial markets and from their respective customers and employees. II-VI and/or Finisar could also be subject to litigation

related to any failure to complete the Merger or to enforcement proceedings commenced against II-VI or Finisar to perform their respective obligations under the Merger Agreement. If the Merger is not completed, II-VI and Finisar cannot assure their respective security holders that the risks described above will not materialize and will not adversely affect the business, financial results and stock prices of II-VI and/or Finisar.

Lawsuits have been filed against Finisar, the Finisar Board, II-VI, and Merger Sub, and other lawsuits may be filed against Finisar, II-VI, Merger Sub, and/or their respective boards of directors challenging the Merger. An adverse ruling in any such lawsuit may prevent the Merger from being completed.

As of January 17, 2019, six lawsuits have been filed by alleged Finisar stockholders challenging the Merger. The first complaint, a putative class action complaint, was filed by Herbert Hein in the Superior Court of

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California, County of Santa Clara, and is captioned *Hein v. Finisar Corporation, et al.*, 19CV340510. The second complaint, a putative class action complaint, was filed by Pete Tenvold in the United States District Court for the District of Delaware and is captioned *Tenvold v. Finisar Corporation, et al.*, 1:19-cv-00050. The third complaint, a putative class action complaint, was filed by Melvyn Klein in the United States District Court for the Northern District of California and is captioned *Klein v. Finisar Corporation, et al.*, 3:19-cv-00155. The fourth complaint, a putative class action complaint, was filed by Earl Wheby, Jr. in the United States District Court for the District of Delaware and is captioned *Wheby v. Finisar Corporation, et al.*, 1:19-cv-00064. The fifth complaint was filed by Pankaj Sharma individually in the United States District Court for the Northern District of California and is captioned *Sharma v. Finisar Corporation, et al.*, 3:19-cv-00220. The sixth complaint, a putative class action complaint, was filed by William Davis in the United States District Court for the Northern District of California and is captioned *Davis v. Finisar Corporation, et al.*, 3:19-cv-00271.

The complaints name as defendants Finisar and each member of the Finisar Board. In addition, the *Hein*, *Tenvold*, and *Klein* complaints name II-VI and Merger Sub as defendants. The *Hein*, *Tenvold*, *Klein*, *Wheby*, and *Davis* complaints seek relief on behalf of a putative class defined as all similarly situated Finisar stockholders.

The *Hein* complaint alleges that the Finisar Board breached its fiduciary duties to Finisar stockholders by purportedly engaging in an insufficient sales process, obtaining inadequate merger consideration, and filing a materially misleading preliminary proxy statement that does not include, among other things, material information regarding the sales process, financial projections for both Finisar and II-VI, and financial analyses conducted by their financial advisors. The *Hein* complaint further asserts that II-VI knowingly aided and abetted the Finisar Board in breaching their fiduciary duties to Finisar stockholders by entering into the proposed transaction. The *Hein* complaint seeks preliminary and permanent injunction of the proposed transaction unless the information requested by the plaintiff is disclosed, rescission and unspecified damages if the Merger is consummated, and attorneys fees and expert fees and costs.

The *Tenvold*, *Klein*, *Wheby*, *Sharma*, and *Davis* complaints purport to state claims for violations of Section 14(a) and 20(a) of the Exchange Act and Rule 14a-9 and, in the case of the *Davis* complaint, Regulation G promulgated thereunder. The plaintiffs in these actions generally allege that the preliminary proxy statement omits material information with respect to the proposed transaction which renders the preliminary proxy statement false and misleading. The plaintiffs in these actions seek an order enjoining the defendants from filing a definitive proxy statement with the SEC or otherwise disseminating a definitive proxy statement to Finisar stockholders or proceeding with closing the Merger unless and until the preliminary proxy statement is cured. In the event the Merger is consummated prior to entry of final judgment, the *Tenvold*, *Klein*, *Wheby*, and *Sharma* complaints seek rescission of the Merger or rescissory damages, and the *Tenvold*, *Klein*, *Wheby*, *Sharma*, and *Davis* complaints also seek unspecified damages, attorneys and expert fees, and expenses and costs. The defendants believe that the complaints are without merit.

See The Merger Litigation Relating to the Merger beginning on page 137 of this joint proxy statement/prospectus for more information about litigation related to the Merger that has been commenced prior to the date of this joint proxy statement/prospectus. There can be no assurance that additional complaints will not be filed with respect to the Merger.

One of the conditions to completion of the Merger is the absence of any applicable law (including any order) being in effect that prohibits completion of the Merger. Accordingly, if a plaintiff is successful in obtaining an order prohibiting completion of the Merger, then such order may prevent the Merger from being completed, or from being completed within the expected timeframe.

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In order to complete the Merger, II-VI and Finisar must obtain certain governmental authorizations, and if such authorizations are not granted or are granted with conditions that become applicable to the parties, completion of the Merger may be jeopardized or prevented or the anticipated benefits of the Merger could be reduced.

Completion of the Merger is conditioned upon the expiration or early termination of the waiting period relating to the merger under the HSR Act and certain other applicable laws or regulations and the required governmental authorizations having been obtained and being in full force and effect. Although II-VI and Finisar have agreed in the Merger Agreement to use their reasonable best efforts to cause the closing of the Merger to occur, there can be no assurance that the relevant waiting periods will expire or authorizations will be obtained and no assurance that the Merger will be completed.

The Merger Agreement contains provisions that make it difficult for Finisar to pursue alternatives to the Merger.

Under the Merger Agreement, Finisar is subject to certain restrictions with respect to entering into an alternative transaction to the Merger. Unless and until the Merger Agreement is terminated, subject to specified exceptions (which are discussed in more detail in The Merger Agreement Termination of the Merger Agreement beginning on page 161 of this joint proxy statement/prospectus), Finisar has agreed not to, among other things, (i) solicit, initiate or knowingly encourage or facilitate any inquiries, offers or the making of any proposals or announcement that is or would reasonably be excepted to lead to a takeover proposal, (ii) enter into, continue or otherwise participate in any discussions or negotiations with any third party regarding any takeover proposal or any inquiry that would reasonably be excepted to lead to a takeover proposal, (iii) furnish any nonpublic information regarding itself or any of its subsidiaries to any person in connection with a takeover proposal or any inquiry that would reasonably be expected to lead to a takeover proposal, (iv) release or consent to the release of any confidentiality or similar provisions of any agreement that it is a party to, (v) approve any transaction under Section 203 of the DGCL or (vi) enter into a letter of intent, agreement in principle, memorandum of understanding or other agreement contemplating or otherwise relating to a takeover proposal. Additionally, under the Merger Agreement, in the event of a potential change by the Finisar Board of its recommendation with respect to the Merger in light of a superior proposal, Finisar must provide II-VI with three business days prior written notice to allow II-VI to propose an adjustment to the terms and conditions of the Merger Agreement. Finisar may terminate the Merger Agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation and termination provisions of the Merger Agreement. The parties believe these provisions are reasonable and not preclusive of other offers, but these restrictions might discourage a third party that has an interest in acquiring all or a significant part of Finisar from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per share value than the per share Merger Consideration. Furthermore, the termination fees described below may result in a potential competing acquirer proposing to pay a lower per share price to acquire the applicable party than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable by such party in certain circumstances.

Under the Merger Agreement, Finisar may be required to pay to II-VI a termination fee of $105.2 million if the Merger Agreement is terminated under specified circumstances. If such a termination fee is payable, the payment of this fee could have material and adverse consequences to the financial condition and operations of Finisar. For a discussion of the restrictions on Finisar entering into a takeover proposal or alternative transaction and the Finisar Board s ability to change its recommendation, see The Merger Agreement No Solicitation of Alternative Proposals, and The Merger Agreement Change of Finisar Board Recommendation beginning on page 151 and page 153 of this joint proxy statement/prospectus, respectively.

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Finisar s executive officers and directors have interests in the Merger that may be different from, or in addition to, the interests of Finisar s stockholders generally.

Executive officers of Finisar negotiated the terms of the Merger Agreement with their counterparts at II-VI, and the Finisar Board, by unanimous vote, approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of Finisar and its stockholders. In considering these facts and the other information contained in this joint proxy statement/prospectus, Finisar stockholders should be aware that aside from their interests as stockholders, Finisar s executive officers and directors may have employment and other compensation arrangements or plans that give them financial interests in the Merger that may be different from, or in addition to, the interests of Finisar stockholders. For a further description of these interests see the section entitled Interests of Finisar s Directors and Executive Officers in the Merger beginning on page 166 of this joint proxy statement/prospectus.

The opinion of Finisar s financial advisor speaks only as of the date of such opinion and does not reflect changes in events or circumstances that may occur between the original signing of the Merger Agreement and the completion of the Merger.

Consistent with market practices, the Finisar Board has not obtained an updated opinion from its financial advisor as of the date of this joint proxy statement/prospectus and does not expect to receive an updated, revised or reaffirmed opinion prior to the completion of the Merger. The opinion does not speak as of the time the Merger will be completed or as of any date other than the date of such opinion. Changes in the operations and prospects of Finisar or II-VI, general market and economic conditions and other factors which may be beyond the control of Finisar or II-VI and on which Finisar s financial advisor s opinion was based, may significantly alter the value of Finisar or II-VI or the price of shares of Finisar Common Stock or shares of II-VI Common Stock by the time the Merger is completed. Because Finisar s financial advisor will not be updating its opinion, the opinion will not address the fairness of the Merger Consideration from a financial point of view at the time the Merger is completed. For a description of the opinion that Finisar received from its financial advisor, see the section entitled The Merger Opinion of Finisar s Financial Advisor beginning on page 102 of this joint proxy statement/prospectus.

The opinion rendered to the II-VI Board by its financial advisor, BofA Merrill Lynch, speaks only as of the date of such opinion. BofA Merrill Lynch s opinion does not reflect changes in events or circumstances after the date of its opinion. II-VI has not obtained, and does not expect to obtain, an updated fairness opinion reflecting changes in circumstances that may have occurred since such date.

On November 8, 2018, at a meeting of the II-VI Board held to evaluate the Merger, BofA Merrill Lynch delivered to the II-VI Board its oral opinion, which was confirmed by delivery of a written opinion dated November 8, 2018, with respect to the fairness, from a financial point of view, of the Merger Consideration to II-VI. Consistent with market practices, the II-VI Board has not obtained an updated opinion from its financial advisor as of the date of this joint proxy statement/prospectus and does not expect to receive an updated, revised or reaffirmed opinion prior to the completion of the Merger. The opinion delivered by BofA Merrill Lynch to the II-VI Board does not speak as of any date other than the date of such opinion. Changes in the operations and prospects of Finisar or II-VI, general market and economic conditions and other factors which may be beyond the control of Finisar or II-VI may have altered since the date of BofA Merrill Lynch s opinion, and may alter in the future, the values of Finisar or II-VI or the prices of Finisar Common Stock or II-VI Common Stock. BofA Merrill Lynch has no obligation or duty to update its opinion, and II-VI does not expect to obtain an updated fairness opinion, to take into account any such changes. For a summary description of BofA Merrill Lynch s opinion, see the section entitled The Merger Opinion of II-VI s Financial Advisor beginning on page 112 of this joint proxy statement/prospectus.

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The closing of the Merger may trigger change in control provisions in certain agreements to which Finisar is a party.

The closing of the Merger may trigger change in control provisions in certain agreements to which Finisar is a party. If Finisar and II-VI are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if Finisar and II-VI are able to negotiate waivers, the counterparties may require a fee for such waiver or seek to renegotiate the agreements on terms less favorable to Finisar or the combined company.

Each of Finisar and II-VI is subject to business uncertainties and contractual restrictions while the Merger is pending, which could adversely affect each of Finisar s and II-VI s business and operations.

Under the terms of the Merger Agreement, Finisar and II-VI are subject to certain restrictions on the conduct of their respective business prior to completing the Merger, which may adversely affect each party s ability to execute certain of its business strategies. Such limitations could negatively affect each party s businesses and operations prior to the completion of the Merger. Furthermore, the process of planning to integrate two businesses and organizations for the post-Merger period can divert management attention and resources and could ultimately have an adverse effect on each of Finisar and II-VI.

In connection with the Merger, parties with which Finisar or II-VI does business may experience uncertainty associated with the Merger, including with respect to current or future business relationships with Finisar, II-VI or the combined business. It is possible that some customers, suppliers and other persons with whom Finisar or II-VI has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with Finisar or II-VI, as applicable, as a result of the Merger, which could negatively affect Finisar s or II-VI s revenues, earnings and cash flows, as well as the market price of shares of its common stock, regardless of whether the Merger is completed.

The exchange ratios are fixed and because the market price of II-VI Common Stock and Finisar Common Stock will fluctuate, Finisar stockholders receiving II-VI Common Stock as part of the Merger Consideration cannot be sure of the market value of such Merger Consideration relative to the value of their shares of Finisar Common Stock that they are exchanging.

If the Merger is completed, each share of Finisar Common Stock (other than Dissenting Stockholder Shares and Excluded Shares) will be converted into the right to receive either $26.00 in cash (without any interest thereon), 0.5546 shares of II-VI Common Stock or a combination of $15.60 in cash (without any interest thereon) and 0.2218 shares of II-VI Common Stock (subject to the adjustment and proration procedures described in further detail in the section entitled The Merger Agreement Merger Consideration beginning on page 140 of this joint proxy statement/prospectus). During the pendency of the Merger, the market value of II-VI Common Stock will fluctuate, and decreases in the market value of II-VI Common Stock will negatively affect the value of the Merger Consideration that Finisar stockholders receive. The market value of Finisar Common Stock will also fluctuate during the pendency of the Merger, and increases in the market value of Finisar Common Stock may mean that the Merger Consideration issued to Finisar stockholders will be worth less than the market value of the shares of Finisar Common Stock such stockholders are exchanging. The exchange ratios were fixed at the time the Merger Agreement was executed, and the value of II-VI Common Stock and Finisar Common Stock may vary significantly from their values on the date of the Merger Agreement, the date of this joint proxy statement/prospectus, the date on which II-VI shareholders vote on the Share Issuance Proposal, the date on which Finisar stockholders vote on the Merger Proposal, the date on which Finisar stockholders make their election and the date on which Finisar stockholders receive the applicable Merger Consideration. Neither Finisar nor II-VI is permitted to terminate the Merger Agreement solely due

to changes in the market price of either party s common stock.

There will be a period of time between the date on which Finisar stockholders make an election with respect to the form of Merger Consideration to be received by them in exchange for their Finisar Common Stock and the

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date on which Finisar stockholders actually receive II-VI Common Stock, depending on their election and subject to proration. Fluctuations in the market value of II-VI Common Stock during this time period will also affect the value of the Merger Consideration, once it is actually received.

If a Finisar stockholder elects to receive Stock Election Consideration or Mixed Election Consideration and the market value of II-VI Common Stock falls between the time of the election and the time the applicable Merger Consideration is actually received, the value of the Merger Consideration received may be less than the value of the Merger Consideration such stockholder would have received if they had elected to receive Cash Election Consideration. Conversely, if a Finisar stockholder elects to receive Cash Election Consideration and the market value of II-VI Common Stock rises between the time of the election and the time the applicable Merger Consideration is actually received, the value of the Merger Consideration received may be less than the value of the Merger Consideration such stockholder would have received if they had elected to receive Stock Election Consideration or Mixed Election Consideration. Finisar stockholders are urged to obtain current market quotations for II-VI Common Stock when they make their elections.

The unaudited pro forma financial information included in this joint proxy statement/prospectus may not necessarily reflect the combined company s operating results and financial condition following the Merger.

The unaudited pro forma condensed combined financial information included in this joint proxy statement/prospectus is derived from II-VI s and Finisar s separate historical consolidated financial statements. The preparation of this pro forma information is based upon available information and certain assumptions and estimates that II-VI and Finisar currently believe are reasonable. These assumptions and estimates may not prove to be accurate, and this pro forma financial information does not necessarily reflect what the combined company s results of operations and financial position would have been had the Merger been completed on the relevant dates assumed and the assumptions and estimates were to prove accurate, or what the combined company s results of operations or financial position will be in the future.

Finisar s financial estimates are based on various assumptions that may not prove to be correct.

The financial estimates set forth in the forecast included under The Merger Unaudited Prospective Financial Information are based on assumptions of, and information available to, Finisar at the time they were prepared and provided to the Finisar Board and to Barclays, as Finisar s financial advisor. Finisar does not know whether the assumptions they made will prove correct. Any or all of such estimates may turn out to be wrong. They can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond Finisar s control. Many factors mentioned in this joint proxy statement/prospectus and Finisar s other filings with the SEC incorporated by reference into this joint proxy statement/prospectus, including the risks outlined in this Risk Factors section and in Finisar s public filings and the events and/or circumstances described under Cautionary Statement Regarding Forward-Looking Statements will be important in determining Finisar s future results. See also, Where You Can Find More Information. As a result of these contingencies, actual future results may vary materially from Finisar s estimates. In view of these uncertainties, the inclusion of Finisar s financial estimates in this joint proxy statement/prospectus is not and should not be viewed as a representation that the forecasted results will be achieved. These financial estimates are Finisar s internal financial forecasts and were not prepared with a view toward public disclosure or toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and Finisar undertakes no obligation, other than as required by applicable law, to update its financial estimates herein to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances. The financial estimates included in this joint proxy statement/prospectus have been prepared by, and are the responsibility of, Finisar. Moreover, Finisar s independent auditors, BDO USA, LLP, have not compiled,

examined or performed any procedures with respect to Finisar s prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and, accordingly, BDO USA, LLP assumes no responsibility for, and disclaims any association

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with, Finisar s prospective financial information. The reports of BDO USA, LLP incorporated by reference relate exclusively to the historical financial information of the entities named in those reports and do not cover any other information in this joint proxy statement/prospectus and should not be read to do so. See The Merger Unaudited Prospective Financial Information for more information.

II-VI s financial estimates are based on various assumptions that may not prove to be correct.

The financial estimates set forth in the forecast included under The Merger Unaudited Prospective Financial Information are based on assumptions of, and information available to, II-VI at the time they were prepared and provided to the II-VI Board and to BofA Merrill Lynch, as II-VI s financial advisor. II-VI does not know whether the assumptions they made will prove correct. Any or all of such estimates may turn out to be wrong. They can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond II-VI s control. Many factors mentioned in this joint proxy statement/prospectus and II-VI s other filings with the SEC incorporated by reference into this joint proxy statement/prospectus, including the risks outlined in this Risk Factors section and in II-VI s public filings and the events and/or circumstances described under Cautionary Statement Regarding Forward-Looking Statements will be important in determining II-VI s future results. See also, Where You Can Find More Information. As a result of these contingencies, actual future results may vary materially from II-VI s estimates. In view of these uncertainties, the inclusion of II-VI s financial estimates in this joint proxy statement/prospectus is not and should not be viewed as a representation that the forecasted results will be achieved. These financial estimates are II-VI s internal financial forecasts and were not prepared with a view toward public disclosure or toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and II-VI undertakes no obligation, other than as required by applicable law, to update its financial estimates herein to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances. The financial estimates included in this joint proxy statement/prospectus have been prepared by, and are the responsibility of, II-VI. Moreover, II-VI s independent auditors, Ernst & Young LLP, have not compiled, examined or performed any procedures with respect to II-VI s prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and, accordingly, Ernst & Young LLP assumes no responsibility for, and disclaims any association with, II-VI s prospective financial information. The reports of Ernst & Young LLP incorporated by reference relate exclusively to the historical financial information of the entities named in those reports and do not cover any other information in this joint proxy statement/prospectus and should not be read to do so. See The Merger Unaudited Prospective Financial Information for more information.

Current II-VI shareholders and Finisar stockholders will have a reduced ownership and voting interest in II-VI after the Merger.

Upon the completion of the Merger, each Finisar stockholder who receives consideration in the form of II-VI Common Stock and each II-VI shareholder will have a percentage ownership of II-VI that is smaller than such stockholder s previous percentage ownership of Finisar or II-VI, as applicable. Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the number of shares of II-VI Common Stock outstanding as of February 5, 2019, and assuming no adjustment in the number of shares of II-VI Common Stock to be issued as aggregate Merger Consideration in connection with the Merger Agreement, and assuming no conversions of the Finisar Convertible Notes, it is expected that, immediately after completion of the Merger, former holders of Finisar Common Stock and Finisar equity awards will own approximately 29.27% of the outstanding shares of II-VI Common Stock. As a result of these reduced ownership percentages, each of II-VI shareholders and Finisar stockholders, as a group, will have less voting power in, and influence on the board of directors, management and policies of, II-VI following the Merger than they now have in their respective companies.

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The shares of II-VI Common Stock to be received by Finisar stockholders upon completion of the Merger will have different rights from shares of Finisar Common Stock.

Upon completion of the Merger, Finisar stockholders will no longer be stockholders of Finisar, a Delaware corporation, but will instead become shareholders of II-VI, a Pennsylvania corporation. As such, their rights as II-VI shareholders will be governed by Pennsylvania law and the terms of the II-VI Charter, as it may be amended from time to time, and the II-VI By-Laws, as they may be amended from time to time. Pennsylvania law and the terms of the II-VI Charter and the II-VI By-Laws are in some respects materially different than Delaware law and the terms of the Finisar Charter and the Finisar Bylaws, as they may be amended from time to time, which currently govern the rights of Finisar Stockholders. See Comparison of Shareholders Rights beginning on page 196 of this joint proxy statement/prospectus for a discussion of the different rights associated with shares of Finisar Common Stock and shares of II-VI Common Stock.

No assurance can be provided that II-VI will be able to consummate the II-VI Senior Credit Facilities or obtain alternative financing to fund the cash portion of the aggregate Merger Consideration to be paid in connection with the Merger.

The completion of the Merger is not subject to a financing condition. The receipt of any financing by II-VI is not a condition to completion of the Merger and, except in certain limited circumstances in which II-VI or Finisar may be permitted to terminate the Merger Agreement (as more fully described in The Merger Agreement Termination of the Merger Agreement beginning on page 161 of this joint proxy statement/prospectus), II-VI will be required to complete the Merger (assuming that all of the conditions to its obligations to complete the Merger under the Merger Agreement are satisfied or waived) whether or not financing is available on acceptable terms or at all.

On November 8, 2018, in connection with its entry into the Merger Agreement, II-VI entered into the Commitment Letter, which was subsequently amended and restated on December 7, 2018 and on December 14, 2018. Subject to the terms and conditions set forth in the Commitment Letter, the Lending Parties have severally committed to provide 100% of up to $2.425 billion in aggregate principal amount of the II-VI Senior Credit Facilities, comprised of (i) a term a loan facility of up to $1.0 billion, a portion of which will be available after the closing of the Merger on a delayed draw basis, (ii) a term b loan facility of up to $975.0 million and (iii) a revolving credit facility of up to $450.0 million. II-VI currently intends to pay the cash portion of the aggregate Merger Consideration and pay related fees and expenses in connection with the Merger using the proceeds of draws under the II-VI Senior Credit Facilities and cash and short-term investments of II-VI and Finisar. II-VI currently does not intend to draw on the revolving credit facility in order to fund the cash portion of the aggregate Merger Consideration.

The commitments of the Lead Arrangers with respect to the II-VI Senior Credit Facilities will automatically terminate at 11:59 p.m., New York City time, on the first to occur of (i) November 8, 2019 (unless the Merger occurs on or prior thereto), (ii) the date of closing of the Merger without the use of proceeds from the II-VI Senior Credit Facilities or (iii) the date on which II-VI delivers written notice to terminate its obligations under the Merger Agreement pursuant to the terms thereof or the date that the Merger Agreement is terminated.

The documentation governing the II-VI Senior Credit Facilities has not been finalized and, accordingly, the actual terms of the II-VI Senior Credit Facilities may differ from those described herein or in the Commitment Letter as a result of the syndication process. Although the debt financing described in this joint proxy statement/prospectus is not subject to a due diligence or market out, such financing may not be considered assured. The obligation of the Lead Arrangers to provide the debt financing under the Commitment Letter is subject to a number of conditions. There is a risk that these conditions will not be satisfied and the II-VI Senior Credit Facilities may not be funded when required or at all. As of the date of this joint proxy statement/prospectus, no alternative financing arrangements have been

made in the event the II-VI Senior Credit Facilities are not available, and any such alternative financing arrangements may not be available on acceptable terms, or at all, if the II-VI Senior Credit Facilities are not consummated.

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See the section entitled The Merger Description of Debt Financing beginning on page 135 of this joint proxy statement/prospectus.

Risk Factors Relating to the Combined Company Following the Merger

Although II-VI expects that its acquisition of Finisar will result in cost savings, synergies and other benefits, the combined company may not realize those benefits because of integration difficulties and other challenges.

The success of II-VI s acquisition of Finisar will depend in large part on the success of the management of the combined company in integrating the operations, strategies, technologies and personnel of the two companies following the completion of the Merger. The combined company may fail to realize some or all of the anticipated benefits of the Merger if the integration process takes longer than expected or is more costly than expected. The failure of the combined company to meet the challenges involved in successfully integrating the operations of the two companies or to otherwise realize any of the anticipated benefits of the Merger, including additional cost savings and synergies, could impair the operations of the combined company. In addition, II-VI anticipates that the overall integration of Finisar will be a time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt the combined company s business.

Potential difficulties the combined company may encounter in the integration process include the following:

- the integration of management teams, strategies, technologies and operations, products and services;
- the disruption of ongoing businesses and distraction of their respective management teams from ongoing business concerns;
- the retention of and possible decrease in business from the existing customers of both companies;
- the creation of uniform standards, controls, procedures, policies and information systems;
- the reduction of the costs associated with each company s operations;
- the integration of corporate cultures and maintenance of employee morale;
- the retention of key employees; and
- potential unknown liabilities associated with the Merger.

The anticipated cost savings, synergies and other benefits of the Merger assume a successful integration of the companies and are based on projections and other assumptions, which are inherently uncertain. Even if integration is successful, anticipated cost savings, synergies and other benefits may not be achieved.

The market price of II-VI Common Stock may decline in the future as a result of the Merger.

The market price of II-VI Common Stock may decline in the future as a result of the Merger for a number of reasons, including:

- the unsuccessful integration of Finisar and II-VI (including for the reasons set forth in the preceding risk factor);
- the need to pay cash amounts owing on conversion of, or in respect of any demands for repurchase of, the Finisar Convertible Notes in connection with the Merger and to issue II-VI Common Stock in connection with any future conversion of the Finisar Convertible Notes, which may cause substantial dilution to holders of II-VI Common Stock; and
- the failure of the combined company to achieve the perceived benefits of the Merger, including financial results, as rapidly as or to the extent anticipated by financial or industry analysts.

These factors are, to some extent, beyond the control of II-VI. As a consequence, current II-VI shareholders and Finisar stockholders who become holders of II-VI Common Stock after completion of the Merger could lose the value of their investment in II-VI Common Stock.

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The Merger may not be accretive and may cause dilution to the combined company s earnings per share, which may negatively affect the market price of the II-VI Common Stock.

II-VI currently anticipates that the Merger will be accretive to earnings per share (on an adjusted earnings basis) during the first full calendar year after the Merger. This expectation is based on preliminary estimates which may materially change. The combined company could also encounter additional transaction-related costs or other factors such as the failure to realize all of the benefits anticipated in the Merger. All of these factors could cause dilution to the combined company s earnings per share or decrease or delay the expected accretive effect of the Merger and cause a decrease in the market price of II-VI Common Stock.

The combined company s future results will suffer if it does not effectively manage its expanded operations following the Merger.

Following the Merger, the size of the business of the combined company will increase significantly beyond the current size of either II-VI s or Finisar s current businesses. The combined company s future success depends, in part, upon its ability to manage this expanded business, which may pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurance that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the Merger.

II-VI and Finisar face competition, which is expected to intensify and which may reduce the market share and profits of II-VI after consummation of the Merger.

Competition in the industries in which II-VI and Finisar operate is intense. Increased competition could hurt II-VI s and Finisar s businesses, hinder their market share expansion and lead to pricing pressures that may adversely impact their margins and revenues. If the combined company is unable to successfully compete following the Merger, its business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected.

Following the consummation of the Merger, the combined company s competitive position could be weakened by strategic alliances or consolidation within the combined company s industries or the development of new technologies by competitors. The combined company s ability to compete successfully will depend on how well it markets its products and services and on its ability to anticipate and respond to various competitive factors affecting its industries, including changes in customer preferences, and changes in the product offerings or pricing strategies of the combined company s competitors.

After the consummation of the Merger, competition could materially adversely affect the combined company in several ways, including (i) the loss of customers and market share, (ii) the combined company s need to lower prices or increase expenses to remain competitive and (iii) the loss of business relationships within II-VI s existing markets.

II-VI is expected to incur substantial expenses related to the Merger and integration.

II-VI is expected to incur substantial expenses in connection with the Merger and the related integration. There are a large number of processes, policies, procedures, operations, technologies and systems that may need to be integrated, including purchasing, accounting and finance, sales, payroll, pricing and benefits.

While II-VI has assumed that a certain level of expenses will be incurred, there are many factors beyond its control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will

be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that II-VI expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings. These integration expenses likely will result

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in the combined company taking significant charges against earnings following the completion of the Merger, and the amount and timing of such charges are uncertain at present.

Following the consummation of the Merger, II-VI will be bound by all of the obligations and liabilities of both companies.

Following the consummation of the Merger, the combined company will become bound by all of the obligations and liabilities of Finisar in addition to II-VI s obligations and liabilities existing prior to the consummation of the Merger. Neither II-VI nor Finisar can predict the financial condition of the combined company at the time of the combination or the ability of the combined company to satisfy its obligations and liabilities.

The Merger may result in a loss of suppliers and strategic alliances and may result in the termination of existing contracts.

Following the Merger, some of the suppliers of II-VI or Finisar, as historical businesses, may terminate or scale back their business relationship with the combined company. II-VI and Finisar have contracts with suppliers, vendors, and other business partners which may require II-VI or Finisar to obtain consents from these other parties in connection with the Merger, which may not be obtained at all or on favorable terms. If supplier relationships or strategic alliances are adversely affected by the Merger, or if the combined company, following the Merger, loses the benefits of the contracts of II-VI or Finisar, the combined company s business and financial performance could suffer.

Following the Merger, the combined company will have a substantial amount of debt, which could adversely affect its business, financial condition or results of operations and prevent it from fulfilling its debt-related obligations.

Following the Merger, the combined company will have a substantial amount of debt. As of September 30, 2018, on a pro forma basis, the combined company would have had approximately $2.2 billion of outstanding debt (including under its outstanding debt securities and borrowings under II-VI s credit facilities). The combined company s substantial debt could have important consequences for the holders of II-VI Common Stock, including:

- making it more difficult for the combined company to satisfy its obligations with respect to its debt or to its trade or other creditors;
- increasing the combined company s vulnerability to adverse economic or industry conditions;
- limiting the combined company s ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is limited;
- requiring the combined company to pay higher interest rates upon refinancing or on the combined company s variable rate indebtedness if interest rates rise;

requiring a substantial portion of the combined company s cash flows from operations and the proceeds of any capital markets offerings or loan borrowings for the payment of interest on the combined company s debt and reducing the combined company s ability to use its cash flows to fund working capital, capital expenditures, acquisitions and general corporate requirements;

limiting the combined company s flexibility in planning for, or reacting to, changes in its business and the industries in which it operates; and

placing the combined company at a competitive disadvantage to less leveraged competitors.

The combined company may not generate sufficient cash flow from operations, together with any future borrowings, to enable the combined company to pay its indebtedness, or to fund the combined company s other

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liquidity needs. The combined company may need to refinance all or a portion of its indebtedness, on or before its maturity. The combined company may not be able to refinance any of its indebtedness on commercially reasonable terms or at all. The combined company may not be able to pay the repurchase price on the 2033 Notes and 2036 Notes to the extent holders elect to exercise their repurchase rights in December 2023 and 2028 with respect to the 2033 Notes and December 2026 and 2031 with respect to the 2036 Notes. In addition, the combined company may incur additional indebtedness in order to finance its operations, to fund acquisitions, or to repay existing indebtedness. If the combined company cannot service its indebtedness, it may have to take actions such as selling assets, seeking additional debt or equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. Any such actions, if necessary, may not be able to be effected on commercially reasonable terms or at all, or on terms that would be advantageous to the combined company s stockholders or on terms that would not require II-VI to breach the terms and conditions of its existing or future debt agreements.

Other Risk Factors Relating to II-VI and Finisar

As a result of entering into the Merger Agreement, II-VI s and Finisar s businesses are and will be subject to the risks described above. In addition, II-VI and Finisar are, and following completion of the Merger, the combined company will continue to be, subject to the risks described in II-VI s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 and Finisar s Annual Report on Form 10-K for the fiscal year ended April 29, 2018, each as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. For the location of information incorporated by reference, see Where You Can Find More Information.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Information set forth, and the documents to which Finisar and II-VI refer you, in this registration statement, of which this joint proxy statement/prospectus forms a part, including financial estimates and statements as to the expected timing, completion and effects of the transactions between II-VI and Finisar, constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the SEC. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements. Such forward-looking statements include, but are not limited to, statements about the benefits of the transactions, including future financial and operating results, the combined company s plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based on the current beliefs and expectations of the management of Finisar and II-VI and are subject to significant risks and uncertainties outside of our control.

Statements included in or incorporated by reference into this registration statement, of which this joint proxy statement/prospectus forms a part, that are not historical facts, including statements about the beliefs and expectations of the managements of Finisar and II-VI, are forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act and Section 21E of the Exchange Act. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as expect, anticipate, intend, plan, believe, seek, see, will, would, tar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed transaction and the anticipated benefits thereof. These and other forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements, including the failure to consummate the proposed transaction or to make any filing or take other action required to consummate such transaction in a timely manner or at all, are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) the ability of II-VI and Finisar to complete the proposed transaction on the anticipated terms and timing or at all, (ii) the ability of the parties to satisfy the conditions to the closing of the proposed transaction, including obtaining required regulatory approvals, (iii) potential litigation relating to the proposed transaction, which could be instituted against II-VI, Finisar or their respective directors, (iv) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction, (v) the triggering of any third party contracts containing consent and/or other similar provisions, (vi) any negative effects of the announcement of the transaction on the market price of Finisar Common Stock and/or negative effects of the announcement or commencement of the transaction on the market price of II-VI Common Stock, (vii) the decisions of holders of the Finisar Convertible Notes with respect to whether to convert their notes, require Finisar to repurchase their notes or continue holding their notes until maturity or until they are otherwise redeemed pursuant to the terms of the applicable Indenture, (viii) uncertainty as to the long-term value of II-VI Common Stock, and thus the value of the II-VI shares to be issued in the transaction, (ix) any unexpected impacts from unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition and losses on the future prospects, business and management strategies for the management, expansion and growth of the combined company s operations after the consummation of the transaction and on the other conditions to the completion of the Merger, (x) inherent risks, costs and uncertainties associated with integrating the businesses successfully and achieving all or any of the anticipated synergies, (xi) potential disruptions from the proposed transaction that may harm II-VI s or Finisar s respective businesses, including current plans and operations, (xii) the ability of II-VI and Finisar to retain and hire key personnel, (xiii) adverse legal and regulatory developments or determinations or adverse changes in, or interpretations of, U.S. or foreign laws, rules or regulations, that could delay or prevent completion of the proposed transaction or cause the terms of the proposed transaction to be modified,

(xiv) the ability of II-VI to obtain or consummate financing or refinancing related to the transaction upon acceptable terms or at all,

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(xv) economic uncertainty due to monetary or trade policy, political or other issues in the United States or internationally, (xvi) any unexpected fluctuations or weakness in the U.S. and global economies, (xvii) changes in U.S. corporate tax laws as a result of the Tax Cuts and Jobs Act of 2017 and any future legislation, (xviii) foreign currency effects on II-VI s and Finisar s respective businesses, (xix) competitive developments including pricing pressures, the level of orders that are received and can be shipped in a quarter, changes or fluctuations in customer order patterns, and seasonality, (xx) changes in utilization of II-VI or Finisar s manufacturing capacity and II-VI s ability to effectively manage and expand its production levels, (xxi) disruptions in II-VI s business or the businesses of its customers or suppliers due to natural disasters, terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns or disruptions in the transportation system, and (xxii) the responses by the respective managements of II-VI and Finisar to any of the aforementioned factors. Additional risks are described under the heading Risk Factors in II-VI s Annual Report on Form 10-K for the fiscal year ended June 30, 2018, filed with the SEC on August 28, 2018, and in Finisar s Annual Report on Form 10-K for the fiscal year ended April 29, 2018, filed with the SEC on June 15, 2018, and Finisar s Quarterly Reports on Form 10-Q for its quarter ended July 29, 2018, filed with the SEC on September 6, 2018, and its quarter ended October 28, 2018, filed with the SEC on December 3, 2018.

Consequently, all of the forward-looking statements Finisar or II-VI make in this document are qualified by the information contained in or incorporated by reference into this joint proxy statement/prospectus, including, but not limited to (i) the information contained under this heading and (ii) the information discussed under the sections entitled Risk Factors in II-VI s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 and in Finisar s Annual Report on Form 10-K for the fiscal year ended April 29, 2018 and Finisar s Quarterly Reports on Form 10-Q for its quarter ended July 29, 2018 and its quarter ended October 28, 2018. See the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

Except as otherwise required by law, neither II-VI nor Finisar is under any obligation, and each expressly disclaims any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Persons reading this joint proxy statement/prospectus are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

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THE COMPANIES

II-VI Incorporated

II-VI Incorporated, a Pennsylvania corporation, is a global leader in engineered materials and optoelectronic components, and is a vertically integrated manufacturing company that develops innovative products for diversified applications in the industrial, optical communications, military, life sciences, semiconductor equipment, and consumer markets. Headquartered in Saxonburg, Pennsylvania, II-VI has research and development, manufacturing, sales, service, and distribution facilities worldwide. II-VI produces a wide variety of application-specific photonic and electronic materials and components, and deploys them in various forms, including integrated with advanced software to enable its customers.

II-VI Common Stock is listed on the Nasdaq Global Select Market under the symbol IIVI. II-VI s home page on the Internet is www.ii-vi.com. The information provided on II-VI s website is not part of this joint proxy statement/prospectus and is not incorporated herein by reference.

II-VI s principal executive offices are located at 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056 and its telephone number is (724) 352-4455.

Mutation Merger Sub Inc.

Mutation Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of II-VI, was formed solely for the purpose of facilitating the Merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the Merger Agreement. By operation of the Merger, Merger Sub will be merged with and into Finisar, with Finisar surviving the Merger as a wholly owned subsidiary of II-VI.

Mutation Merger Sub s principal executive offices are located at c/o II-VI Incorporated, 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056 and its telephone number is (724) 352-4455.

Finisar Corporation

Finisar Corporation, a Delaware corporation, is a global technology leader in optical communications, providing components and subsystems to networking equipment manufacturers, data center operators, telecom service providers, consumer electronics and automotive companies. Finisar, incorporated in California in April 1987 and reincorporated in Delaware in November 1999, designs products that meet the increasing demands for network bandwidth, data storage and 3D sensing subsystems. Finisar is headquartered in Sunnyvale, California, with research and development, manufacturing sites, sales and support offices worldwide.

Finisar Common Stock is listed on the Nasdaq Global Select Market under the symbol FNSR. Finisar s home page on the Internet is www.finisar.com. The information provided on Finisar s website is not part of this joint proxy statement/prospectus and is not incorporated herein by reference.

Finisar s principal executive offices are located at 1389 Moffett Park Drive, Sunnyvale, California 94089 and its telephone number is (408) 548-1000.

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INFORMATION ABOUT THE FINISAR SPECIAL MEETING

Finisar is providing this joint proxy statement/prospectus to its stockholders in connection with the solicitation of proxies to be voted at the Finisar Special Meeting (or any adjournment or postponement thereof) that Finisar has called to consider and vote on (i) a proposal to adopt the Merger Agreement, (ii) a proposal to approve adjournments of the Finisar Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to approve the Merger Proposal and (iii) a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the Merger contemplated by the Merger Agreement and the agreements and understandings pursuant to which such compensation may be paid or become payable.

Date, Time, Place and Purpose of the Finisar Special Meeting

This joint proxy statement/prospectus is being furnished to Finisar stockholders as part of the solicitation of proxies by the Finisar Board, for use at the Finisar Special Meeting to be held on March 26, 2019, at 11:00 a.m. local time, at 2765 Sand Hill Road, Menlo Park, California 94025 or at any postponement or adjournment thereof.

At the Finisar Special Meeting, Finisar stockholders will be asked to consider and vote on:

- The ***Merger Proposal***: a proposal to adopt the Merger Agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus;

- The ***Finisar Adjournment Proposal***: a proposal to approve adjournments of the Finisar Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to approve the Merger Proposal; and

- The ***Compensation Proposal***: a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Finisar s named executive officers in connection with the Merger contemplated by the Merger Agreement and the agreements and understandings pursuant to which such compensation may be paid or become payable.

The approval by Finisar stockholders of the Merger Proposal is a condition to the obligations of II-VI and Finisar to complete the Merger. The approval of the Finisar Adjournment Proposal and the Compensation Proposal are not conditions to the obligations of II-VI or Finisar to complete the Merger. If Finisar stockholders fail to adopt the Merger Proposal, the completion of the Merger will not occur. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus. You are encouraged to read the Merger Agreement in its entirety.

Finisar will not transact on other business at the Finisar Special Meeting, except for business properly brought before the Finisar Special Meeting or any adjournment or postponement thereof.

Recommendations of the Finisar Board

The Finisar Board unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of Finisar and its stockholders. The

Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Merger Proposal. For the factors considered by the Finisar Board in reaching this decision, see The Merger Finisar s Reasons for the Merger; Recommendations of the Finisar Board beginning on page 96 of this joint proxy statement/prospectus.

The Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Finisar Adjournment Proposal. See Finisar Proposal No. 2 Adjournment of the Finisar Special Meeting beginning on page 188 of this joint proxy statement/prospectus.

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In addition, the Finisar Board unanimously recommends that Finisar stockholders vote **FOR** the Finisar Compensation Proposal. See Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers beginning on page 189 of this joint proxy statement/prospectus.

Record Date, Outstanding Shares and Quorum

Finisar has set the close of business on February 5, 2019 as the record date for the Finisar Special Meeting (the Finisar Record Date), and only Finisar stockholders of record on the Finisar Record Date are entitled to notice of, and vote at, the Finisar Special Meeting and any adjournments or postponements thereof. As of the close of business on the Finisar Record Date, there were 117,900,912 shares of Finisar Common Stock outstanding held by approximately 186 holders of record. Finisar does not have any outstanding securities that are entitled to vote at the Finisar Special Meeting other than the Finisar Common Stock.

Each holder of shares of Finisar Common Stock held as of the Finisar Record Date is entitled to one vote per share of Finisar Common Stock on each matter properly brought before the Finisar Special Meeting and any adjournments or postponements thereof.

The presence, in person or represented by proxy, of a majority of the shares of Finisar Common Stock issued and outstanding on the Finisar Record Date will constitute a quorum at the Finisar Special Meeting. Abstentions are considered as present for purposes of establishing a quorum. There must be a quorum for the votes on the Merger Proposal, the Adjournment Proposal, and the Compensation Proposal to be taken at the Finisar Special Meeting. If there is no quorum, the Finisar Special Meeting may be adjourned or postponed to another date, which may subject Finisar to additional expense and delay or prevent the completion of the Merger. If a quorum shall fail to attend the Finisar Special Meeting, the chairman of the meeting or the holders of a majority of the shares of Finisar Common Stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Attendance

As described below, if your shares of Finisar Common Stock are registered directly in your name with Finisar s transfer agent, American Stock Transfer and Trust Company, you are considered the stockholder of record with respect to such shares of Finisar Common Stock and you have the right to attend the Finisar Special Meeting and vote in person, subject to compliance with the procedures of the Finisar Special Meeting. If your shares of Finisar Common Stock are held in a brokerage account or by a bank or other nominee, you are the beneficial owner of such shares. As such, in order to attend the Finisar Special Meeting and vote in person, you must obtain and present at the time of admission a properly executed proxy from the stockholder of record giving you the right to attend and vote the shares of Finisar Common Stock. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the Finisar Special Meeting.

Vote Required

Assuming that a quorum is present, approval of the Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of Finisar Common Stock as of the Finisar Record Date. If your shares of Finisar Common Stock are not voted on the Merger Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Merger Proposal, your shares will have the effect of a vote **AGAINST** the Merger Proposal. **Finisar cannot complete the Merger, and no Merger Consideration will be paid to Finisar stockholders by II-VI, unless, among other things, the Finisar stockholders approve the Merger Proposal.**

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Assuming that a quorum is present, approval of the Finisar Adjournment Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. If your shares of Finisar Common Stock are not voted on the Finisar Adjournment Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Finisar Adjournment Proposal, your shares will have no effect on the Finisar Adjournment Proposal.

Assuming that a quorum is present, approval of the Compensation Proposal requires the affirmative vote of a majority of the votes cast on such proposal at the Finisar Special Meeting. If your shares of Finisar Common Stock are not voted on the Compensation Proposal, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary, or if you abstain on the Compensation Proposal, your shares will have no effect on the Compensation Proposal.

If your shares are held in the name of a bank, brokerage firm or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. You are not the record holder of such shares. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee. Unless your bank, brokerage firm or other nominee has discretionary authority to vote your shares, your bank, brokerage firm or other nominee may not vote your shares without voting instructions from you. Under applicable stock exchange rules, if your shares are held in street name through a brokerage firm, your brokerage firm has discretionary authority to vote on routine proposals if you have not provided voting instructions. However, your brokerage firm is precluded from exercising voting discretion with respect to non-routine matters. All of the proposals to be voted on by Finisar stockholders at the Finisar Special Meeting are non-routine matters. As a result, if you do not provide voting instructions, your shares will not be voted on any proposal at the Finisar Special Meeting.

You should therefore provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares of Finisar Common Stock. **If you do not give your bank, brokerage firm or other nominee instructions, your shares will not be voted at the Finisar Special Meeting. You are encouraged to provide instructions to your bank, brokerage firm or other nominee. This ensures your shares will be voted at the Finisar Special Meeting.** Please follow the voting instructions provided by your bank, brokerage firm or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to Finisar or by voting in person at the Finisar Special Meeting unless you first obtain a proxy from your bank, brokerage firm or other nominee.

As of the Finisar Record Date, the directors and executive officers of Finisar and their affiliates beneficially owned, in the aggregate, 1,837,390 shares of Finisar Common Stock, representing approximately 1.56% of the outstanding shares of Finisar Common Stock as of the close of business on the Finisar Record Date entitled to vote at the Finisar Special Meeting and any adjournments or postponements thereof (which aggregate number is inclusive of Finisar Common Stock underlying granted but unvested Finisar Restricted Stock Units, Finisar Stock Options exercisable within 60 days of the Record Date, Finisar Restricted Stock Units vesting within 60 days of the Record Date, and Finisar Common Stock indirectly owned). The directors and executive officers of Finisar have informed Finisar that they currently intend to vote all such shares of Finisar Common Stock entitled to vote **FOR** the Merger Proposal, **FOR** the Finisar Adjournment Proposal, and **FOR** the Compensation Proposal.

Voting of Shares, Proxies and Revocations

If you are a stockholder of record as of the Finisar Record Date, you may vote your shares of Finisar Common Stock on matters presented at the Finisar Special Meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when submitting your voting instructions by telephone or by Internet. Proxies delivered over the Internet or by telephone must be submitted by 11:59 p.m. Eastern Time on March 25, 2019. Please be aware that if you submit your proxy by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

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by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid, pre-addressed reply envelope prior to the Finisar Special Meeting; or

you may attend the Finisar Special Meeting in person and cast your vote there.

If you are a beneficial owner, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to vote your Finisar Common Stock. Those instructions will identify which of the above choices are available to you in order to vote. Please note that if you are a beneficial owner and wish to vote in person at the Finisar Special Meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the Finisar Special Meeting.

Please refer to the instructions on your proxy or voting instruction card for further detail on the deadlines for submitting a proxy over the Internet, by telephone or by mail. Please do not send in your share certificate(s) with your proxy card. If the Merger is completed, and you hold physical share certificates in respect of your shares of Finisar Common Stock, you will be sent a letter of transmittal promptly after the Effective Time describing how you may exchange your shares of Finisar Common Stock for the applicable Merger Consideration.

If you submit your voting instructions by proxy, regardless of the method you choose to submit your proxy, the individuals named on the enclosed proxy card, and each of them, with full power of substitution and resubstitution, will vote your shares of Finisar Common Stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Finisar Common Stock should be voted **FOR** or **AGAINST** or to **ABSTAIN** from voting on all, some or none of the specific items of business to come before the Finisar Special Meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of Finisar Common Stock should be voted on a matter, the shares of Finisar Common Stock represented by your properly signed proxy will be voted **FOR** each of the proposals upon which you are entitled to vote.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by signing and returning a new proxy card with a later date, by attending the Finisar Special Meeting and voting in person or revoking your proxy in person (but your attendance alone will not constitute a vote or revoke any proxy previously given), or by sending written notice of revocation to Finisar prior to the time the Finisar Special Meeting begins. Written notice of revocation should be mailed to the Secretary of Finisar, at Finisar s offices at 1389 Moffett Park Drive, Sunnyvale, California 94089, Attention: Secretary, that bears a date later than the date of the previously submitted proxy that you want to revoke and is received by Finisar s Secretary prior to the Finisar Special Meeting. If you have instructed a bank, brokerage firm or other nominee to vote your shares, you may revoke your proxy by following the directions received from your bank, brokerage firm or other nominee to change those instructions.

If you have any questions or need assistance voting your shares, please contact D.F. King & Co., Inc., Finisar s proxy solicitor, toll free at (866) 356-7813 collect at (212) 269-5550, or the Investors Relations at Finisar at (408) 548-1000.

IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF FINISAR COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE FINISAR SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE, OR FOLLOW THE INSTRUCTIONS ON THE PROXY CARD TO SUBMIT YOUR VOTING INSTRUCTIONS BY TELEPHONE OR INTERNET. FINISAR STOCKHOLDERS WHO ATTEND THE FINISAR SPECIAL MEETING MAY REVOKE THEIR PROXIES BY VOTING IN

PERSON.

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Adjournments and Postponements

Although it is not currently expected, the Finisar Special Meeting may be adjourned or postponed on one or more occasions for the purpose of soliciting additional proxies if there are insufficient votes at the time of the Finisar Special Meeting to adopt the Merger Proposal or if a quorum is not present at the Finisar Special Meeting. Any adjournment of the Finisar Special Meeting for the purpose of soliciting additional proxies will allow Finisar stockholders who have already sent in their proxies to revoke them at any time prior to their use at the Finisar Special Meeting as adjourned or postponed.

Finisar may also postpone or adjourn the Finisar Special Meeting to allow reasonable additional time for the filing or mailing of any supplemental or amended disclosure required under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by Finisar stockholders prior to the Finisar Special Meeting.

If a quorum is present at the Finisar Special Meeting, the Finisar Special Meeting may be adjourned if the Adjournment Proposal is approved.

If a quorum is not present at the Finisar Special Meeting, an adjournment of the meeting generally may be made by the chair of the Finisar Special Meeting or by a majority of the shares of Finisar Common Stock entitled to vote who are present, in person or by proxy. In the event there is not a quorum present, Finisar anticipates the chair of the Finisar Special Meeting will exercise his or her authority to adjourn the meeting.

Solicitation of Proxies; Payment of Solicitation Expenses

This joint proxy statement/prospectus is being provided to holders of shares of Finisar Common Stock in connection with the solicitation of proxies by the Finisar Board to be voted at the Finisar Special Meeting and at any adjournments or postponements of the Finisar Special Meeting. Finisar will bear all costs and expenses in connection with the solicitation of proxies, including the costs of filing, printing and mailing this joint proxy statement/prospectus for the Finisar Special Meeting. Finisar has engaged D.F. King & Co., Inc. to aid in the solicitation of proxies from brokers, bank nominees and other institutional owners for approximately $12,500, plus reimbursement of related expenses.

Finisar may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of Finisar Common Stock. Finisar s directors, officers and employees also may solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

Appraisal Rights

Pursuant to Section 262 of the DGCL, a Finisar stockholder who chooses the Stock Election Consideration for his, her or its shares of Finisar Common Stock, but receives a mix of cash and II-VI Common Stock for such shares due to an oversubscription of the Stock Election Consideration through the proration adjustment mechanism, will be entitled to appraisal rights for such shares if such stockholder otherwise complies with the requirements of Section 262 of the DGCL. **APPRAISAL RIGHTS WILL NOT BE AVAILABLE TO FINISAR STOCKHOLDERS WHO FAIL TO MAKE AN ELECTION AND RECEIVE THE MIXED ELECTION CONSIDERATION OR TO FINISAR STOCKHOLDERS WHO CHOOSE THE CASH ELECTION CONSIDERATION OR THE MIXED ELECTION CONSIDERATION. THE ONLY CIRCUMSTANCES IN WHICH A FINISAR STOCKHOLDER MAY BE ENTITLED TO APPRAISAL RIGHTS IS IF SUCH STOCKHOLDER CHOOSES THE STOCK ELECTION CONSIDERATION BUT RECEIVES A COMBINATION OF II-VI**

COMMON STOCK AND CASH THROUGH THE PRORATION MECHANISMS DUE TO AN OVERSUBSCRIPTION OF THE STOCK ELECTION CONSIDERATION.

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Finisar stockholders who wish to exercise the right to seek an appraisal of their shares must not vote in favor of the Merger Proposal nor consent thereto in writing, must continuously hold their shares of Finisar Common Stock through the effective date of the Merger, must deliver to Finisar a written demand for appraisal prior to the date of the Finisar Special Meeting and must otherwise comply with the applicable requirements of Section 262 of the DGCL. The appraisal remedy affords eligible Finisar stockholders the right to seek appraisal of the fair value of their shares of Finisar Common Stock, as determined by the Delaware Court of Chancery, if the Merger is completed. The fair value of shares of Finisar Common Stock as determined by the Delaware Court of Chancery could be greater than, the same as, or less than the value of the Merger Consideration that Finisar stockholders would otherwise be entitled to receive under the terms of the Merger Agreement.

The right to seek appraisal will be lost if a Finisar stockholder votes **FOR** the Merger Proposal. However, abstaining or voting against the Merger Proposal is not in itself sufficient to perfect appraisal rights because additional actions must also be taken to perfect such rights.

Finisar stockholders who wish to exercise the right to seek an appraisal of their shares must so advise Finisar by submitting a written demand for appraisal prior to the taking of the vote on the Merger Proposal at the Finisar Special Meeting, and must otherwise follow the procedures prescribed by Section 262 of the DGCL. These procedures are summarized in the section entitled Appraisal Rights beginning on page 215 of this joint proxy statement/prospectus. A person having a beneficial interest in shares of Finisar Common Stock held of record in the name of another person, such as a nominee or intermediary, must act promptly to cause the record holder to follow the steps required by Section 262 of the DGCL and in a timely manner to perfect appraisal rights. In view of the complexity of Section 262 of the DGCL, Finisar stockholders that may wish to pursue appraisal rights are urged to consult their legal and financial advisors. However, notwithstanding a Finisar stockholder s compliance with the DGCL, in perfecting appraisal rights, under Section 262 of the DGCL, assuming Finisar Common Stock remains listed on a national securities exchange immediately prior to the Effective Time, the Delaware Court of Chancery will dismiss any appraisal proceedings as to all stockholders who are otherwise entitled to appraisal rights unless (i) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of Finisar Common Stock, or (ii) the value of the consideration provided in the Merger for the total number of shares of Finisar Common Stock entitled to appraisal exceeds $1 million.

Questions and Additional Information

If you have additional questions about the transactions, need assistance in submitting your proxy or voting your shares of Finisar Common Stock or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, please contact Finisar s proxy solicitor at:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Banks and Brokers, call collect: (212) 269-5550

All others, call toll free: (866) 356-7813

Email: *FNSR@dfking.com*

You may also contact the **Finisar Investors Relations** department at:

Investors Relations, Finisar Corporation

1389 Moffett Park Drive, Sunnyvale, CA 94089

Telephone: (408) 548-1000

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INFORMATION ABOUT THE II-VI SPECIAL MEETING

II-VI is providing this joint proxy statement/prospectus to its shareholders in connection with the solicitation of proxies to be voted at the II-VI Special Meeting (or any adjournment or postponement thereof) that II-VI has called to consider and vote on (i) a proposal to approve the issuance of II-VI Common Stock in connection with the Merger and (ii) a proposal to approve adjournments of the II-VI Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the Share Issuance Proposal.

Date, Time, Place and Purpose of the Finisar Special Meeting

This joint proxy statement/prospectus is being furnished to II-VI shareholders as part of the solicitation of proxies by the II-VI Board for use at the II-VI Special Meeting to be held on March 26, 2019, at 2:00 p.m. local time, at 5000 Ericsson Drive, Warrendale, Pennsylvania 15086 or at any postponement or adjournment thereof.

At the II-VI Special Meeting, II-VI shareholders will be asked to consider and vote on:

- The ***Share Issuance Proposal***: a proposal to approve the issuance of II-VI Common Stock in connection with the Merger; and

- The ***II-VI Adjournment Proposal***: a proposal to approve adjournments of the II-VI Special Meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the Share Issuance Proposal.

The approval by II-VI shareholders of the Share Issuance Proposal is a condition to the obligations of II-VI and Finisar to complete the Merger. The approval of the II-VI Adjournment Proposal is not a condition to the obligations of II-VI or Finisar to complete the Merger. If II-VI shareholders fail to adopt the Share Issuance Proposal, the completion of the Merger will not occur.

II-VI will not transact on other business at the II-VI Special Meeting, except for business properly brought before the II-VI Special Meeting or any adjournment or postponement thereof.

Recommendations of the II-VI Board

The II-VI Board unanimously approved and declared advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger and the issuance of shares of II-VI Common Stock issuable in connection with the Merger, and determined that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of II-VI and its shareholders. The II-VI Board unanimously recommends that II-VI shareholders vote **FOR** the Share Issuance Proposal. For the factors considered by the II-VI Board in reaching this decision, see The Merger II-VI s Reasons for the Merger; Recommendations of the II-VI Board beginning on page 98 of this joint proxy statement/prospectus.

The II-VI Board unanimously recommends that II-VI s shareholders vote **FOR** the II-VI Adjournment Proposal. See II-VI Proposal No. 2 Adjournment of the II-VI Special Meeting beginning on page 192 of this joint proxy statement/prospectus.

Record Date, Outstanding Shares and Quorum

II-VI has set the close of business on February 5, 2019 as the record date for the II-VI Special Meeting (the II-VI Record Date), and only II-VI shareholders of record on the II-VI Record Date are entitled to notice of, and vote at, the II-VI Special Meeting and any adjournments or postponements thereof. As of the close of business on the II-VI Record Date, there were 63,394,256 shares of II-VI Common Stock outstanding and entitled to vote. II-VI does not have any outstanding securities that are entitled to vote at the II-VI Special Meeting other than the II-VI Common Stock.

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Each holder of shares of II-VI Common Stock held as of the II-VI Record Date is entitled to one vote per share of II-VI Common Stock on each matter properly brought before the II-VI Special Meeting and any adjournments or postponements thereof.

The presence, in person or represented by proxy, of a majority of the shares of II-VI Common Stock issued and outstanding on the II-VI Record Date will constitute a quorum at the II-VI Special Meeting. Abstentions are considered as present for purposes of establishing a quorum. There must be a quorum for votes on the Share Issuance Proposal to be taken at the II-VI Special Meeting. If there is no quorum, the II-VI Special Meeting may be adjourned or postponed to another date if the II-VI Adjournment Proposal is approved at the II-VI Special Meeting.

Attendance

As described below, if your shares of II-VI Common Stock are registered directly in your name with II-VI s transfer agent, American Stock Transfer and Trust Company, you are considered the shareholder of record with respect to such shares of II-VI Common Stock and you have the right to attend the II-VI Special Meeting and vote in person, subject to compliance with the procedures described below. If your shares of II-VI Common Stock are held in a brokerage account or by a bank or other nominee, you are the beneficial owner of such shares. As such, in order to attend the II-VI Special Meeting and vote in person, you must obtain and present at the time of admission a properly executed proxy from the shareholder of record giving you the right to attend and vote the shares of II-VI Common Stock. If you are the representative of a corporate or institutional shareholder, you must present valid photo identification along with proof that you are the representative of such shareholder.

If you are a II-VI shareholder of record and plan to attend the II-VI Special Meeting in person, please mark the appropriate box on the enclosed proxy card, or enter that information when submitting a proxy by telephone or Internet prior to the II-VI Special Meeting. II-VI would like to know by March 19, 2019 if you plan to attend the II-VI Special Meeting in person. If your shares are held through an intermediary, such as a broker or a bank, you will need to present proof of your ownership as of the close of business on the II-VI Record Date for admission to the II-VI Special Meeting location. Proof of ownership could include a proxy card from your bank or broker, or a copy of your account statement. All in-person attendees will need to present valid photo identification for admission. The use of recording devices and other electronic devices will not be permitted during the II-VI Special Meeting.

If you require any special accommodations at the II-VI Special Meeting due to a disability, please contact II-VI at (724) 352-4455 and identify your specific need no later than March 19, 2019.

Vote Required

Assuming that a quorum is present, approval of the Share Issuance Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast. Accordingly, abstentions will have the same effect as a vote **AGAINST** the Share Issuance Proposal, but shares deemed not in attendance at the meeting, whether due to a record holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary will have no effect on the Share Issuance Proposal. This vote will satisfy the vote requirements of Listing Rule 5635(d) of the Nasdaq Stock Market with respect to the Share Issuance Proposal. **II-VI cannot complete the Merger unless, among other things, the II-VI shareholders approve the Share Issuance Proposal.**

Approval of the II-VI Adjournment Proposal requires the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast, whether or not a quorum is present. Accordingly, abstentions will have the same effect as a vote **AGAINST** the II-VI Adjournment

Proposal, but shares deemed not in attendance at the meeting, whether due to a record

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holder s failure to vote or a street name holder s failure to provide any voting instructions to such holder s nominee or intermediary will have no effect on the II-VI Adjournment Proposal.

If your shares are held in the name of a bank, brokerage firm or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. You are not the record holder of such shares. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee. Unless your bank, brokerage firm or other nominee has discretionary authority to vote your shares, your bank, brokerage firm or other nominee may not vote your shares without voting instructions from you. Under applicable stock exchange rules, if your shares are held in street name through a brokerage firm, your brokerage firm has discretionary authority to vote on routine proposals if you have not provided voting instructions. However, your brokerage firm is precluded from exercising voting discretion with respect to non-routine matters. All of the proposals to be voted on by II-VI shareholders at the II-VI Special Meeting are non-routine matters. As a result, if you do not provide voting instructions, your shares will not be voted on any proposal at the II-VI Special Meeting.

You should therefore provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares of II-VI Common Stock. **If you do not give your bank, brokerage firm or other nominee instructions, your shares will not be voted at the II-VI Special Meeting. You are encouraged to provide instructions to your bank, brokerage firm or other nominee. This ensures your shares will be voted at the II-VI Special Meeting.** Please follow the voting instructions provided by your bank, brokerage firm or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to II-VI or by voting in person at the II-VI Special Meeting unless you first obtain a proxy from your bank, brokerage firm or other nominee.

As of the II-VI Record Date, the directors and executive officers of II-VI and their affiliates beneficially owned, in the aggregate, 2,571,872 shares of II-VI Common Stock, representing approximately 4.06% of the outstanding shares of II-VI Common Stock as of the close of business on the II-VI Record Date entitled to vote at the II-VI Special Meeting and any adjournments or postponements thereof (which aggregate number is inclusive of restricted shares of II-VI Common Stock, II-VI Common Stock underlying granted but unvested II-VI restricted stock units, II-VI stock options exercisable within 60 days of the Record Date, II-VI restricted stock units vesting within 60 days of the Record Date, and II-VI Common Stock indirectly owned). The directors and executive officers of II-VI have informed II-VI that they currently intend to vote all such shares of II-VI Common Stock entitled to vote **FOR** the Share Issuance Proposal and **FOR** the II-VI Adjournment Proposal.

Voting of Shares, Proxies and Revocations

If you are a shareholder of record as of the II-VI Record Date, you may vote your shares of II-VI Common Stock on matters presented at the II-VI Special Meeting in any of the following ways:

- by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when submitting your voting instructions by telephone or by Internet. Proxies delivered over the Internet or by telephone must be submitted by 11:59 p.m. local time on March 25, 2019. Please be aware that if you submit your proxy by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid, pre-addressed reply envelope prior to the II-VI Special Meeting; or

you may attend the II-VI Special Meeting in person and cast your vote there.

If you are a beneficial owner, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to vote your shares of II-VI Common Stock. Those instructions will identify which of the above choices are available to you in order to vote. Please note that if you are a beneficial owner and wish to vote in person at the II-VI Special Meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the II-VI Special Meeting.

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Please refer to the instructions on your proxy or voting instruction card for further detail on the deadlines for submitting a proxy over the Internet, by telephone or by mail.

If you submit your voting instructions by proxy, regardless of the method you choose to submit your proxy, the individuals named on the enclosed proxy card, and each of them, with full power of substitution and resubstitution, will vote your shares of II-VI Common Stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of II-VI Common Stock should be voted **FOR** or **AGAINST** or to **ABSTAIN** from voting on all, some or none of the specific items of business to come before the II-VI Special Meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of II-VI Common Stock should be voted on a matter, the shares of II-VI Common Stock represented by your properly signed proxy will be voted **FOR** the Share Issuance Proposal and **FOR** the II-VI Adjournment Proposal.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by signing and returning a new proxy card with a later date, by attending the II-VI Special Meeting and voting in person or revoking your proxy in person (but your attendance alone will not constitute a vote or revoke any proxy previously given, or by sending written notice of revocation to II-VI prior to the time the II-VI Special Meeting begins. Written notice of revocation should be mailed to the Secretary of II-VI, at II-VI s offices at 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056, Attention: Secretary, that bears a date later than the date of the previously submitted proxy that you want to revoke and is received by II-VI s Secretary prior to the II-VI Special Meeting. If you have instructed a broker, bank or other nominee to vote your shares, you may revoke your proxy by following the directions received from your bank, broker or other nominee to change those instructions.

If you have any questions or need assistance voting your shares, please contact II-VI at II-VI Incorporated, 375 Saxonburg, PA 16056, Attention: Mark Lourie, Telephone (724) 352-4455.

IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF II-VI COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE II-VI SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE, OR FOLLOW THE INSTRUCTIONS ON THE PROXY CARD TO SUBMIT YOUR VOTING INSTRUCTIONS BY TELEPHONE OR INTERNET. II-VI SHAREHOLDERS WHO ATTEND THE II-VI SPECIAL MEETING MAY REVOKE THEIR PROXIES BY VOTING IN PERSON.

Adjournments and Postponements

Although it is not currently expected, the II-VI Special Meeting may be adjourned or postponed on one or more occasions for the purpose of soliciting additional proxies if there are insufficient votes at the time of the II-VI Special Meeting to approve the Share Issuance Proposal or if a quorum is not present at the II-VI Special Meeting. Any adjournment of the II-VI Special Meeting for the purpose of soliciting additional proxies will allow II-VI shareholders who have already sent in their proxies to revoke them at any time prior to their use at the II-VI Special Meeting as adjourned or postponed.

II-VI may also postpone or adjourn the II-VI Special Meeting to allow reasonable additional time for the filing or mailing of any supplemental or amended disclosure required under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by II-VI shareholders prior to the II-VI Special Meeting.

An adjournment generally may be made with the affirmative vote of the holders of a majority of the shares of II-VI Common Stock present in person or represented by proxy and entitled to vote thereon.

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Anticipated Date of Completion of the Transactions

Subject to the satisfaction or waiver of the closing conditions described under the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 160 of this joint proxy statement/prospectus, including the approval of the Share Issuance Proposal by II-VI shareholders at the II-VI Special Meeting, II-VI and Finisar currently expect that the Merger will be completed approximately in the middle of 2019. However, it is possible that factors outside the control of both companies could result in the transactions being completed at a different time or not at all.

Solicitation of Proxies; Payment of Solicitation Expenses

This joint proxy statement/prospectus is being provided to holders of shares of II-VI Common Stock in connection with the solicitation of proxies by the II-VI Board to be voted at the II-VI Special Meeting and at any adjournments or postponements of the II-VI Special Meeting. II-VI will bear all costs and expenses in connection with the solicitation of proxies, including the costs of filing, printing and mailing this joint proxy statement/prospectus for the II-VI Special Meeting. II-VI has engaged MacKenzie to aid in the solicitation of proxies from brokers, bank nominees and other institutional owners for approximately $25,000, plus reimbursement of related expenses.

II-VI may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of II-VI Common Stock. II-VI s directors, officers and employees also may solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

Appraisal

Under Pennsylvania law, as well as the governing documents of II-VI, II-VI shareholders are not entitled to appraisal or dissenters rights in connection with the Merger.

Questions and Additional Information

If you have additional questions about the transactions, need assistance in submitting your proxy or voting your shares of II-VI Common Stock or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, please contact II-VI at II-VI Incorporated, 375 Saxonburg, PA 16056, Attention: Mark Lourie, Telephone (724) 352-4455.

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THE MERGER

General

This joint proxy statement/prospectus is being provided to holders of shares of Finisar Common Stock in connection with the solicitation of proxies by the Finisar Board to be voted at the Finisar Special Meeting and at any adjournments or postponements of the Finisar Special Meeting. At the Finisar Special Meeting, Finisar will ask its stockholder to vote on (i) the Merger Proposal, (ii) the Finisar Adjournment Proposal and (iii) the Compensation Proposal.

This joint proxy statement/prospectus is being provided to holders of shares of II-VI Common Stock in connection with the solicitation of proxies by the II-VI Board to be voted at the II-VI Special Meeting and at any adjournments or postponements of the II-VI Special Meeting. At the II-VI Special Meeting, II-VI will ask its shareholders to vote on (i) the Share Issuance Proposal and (ii) the II-VI Adjournment Proposal.

Effects of the Merger

The Merger Agreement provides for the merger of Merger Sub with and into Finisar, with Finisar continuing as the surviving corporation and a wholly-owned subsidiary of II-VI. **The Merger will not be completed and the Merger Consideration will not be paid unless, among other things, Finisar stockholders approve the Merger Proposal and II-VI shareholders approve the Share Issuance Proposal.** A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus. You are urged to read the Merger Agreement in its entirety because it is the legal document that governs the Merger. For additional information about the Merger, see The Merger Agreement Structure and Effects of the Merger and The Merger Agreement Merger Consideration beginning on pages 139 and 140, respectively, of this joint proxy statement/prospectus.

At the Effective Time, each outstanding share of Finisar Common Stock (other than Dissenting Stockholder Shares and Excluded Shares) will be converted into the right to receive, at the election of the holder of such share of Finisar Common Stock, (i) Cash Election Consideration, consisting of $26.00 in cash, without interest (subject to the proration adjustment procedures described in this joint proxy statement/prospectus), (ii) Stock Election Consideration, consisting of 0.5546 validly issued, fully paid and non-assessable shares of II-VI Common Stock (subject to the proration adjustment procedures described in this joint proxy statement/prospectus), or (iii) Mixed Election Consideration, consisting of $15.60 in cash, without interest, and 0.2218 validly issued, fully paid and non-assessable shares of II-VI Common Stock; provided, that Finisar stockholders who are otherwise entitled to receive fractional shares of II-VI Common Stock as part of the Merger Consideration will receive cash in lieu of such fractional shares of II-VI Common Stock.

Each holder of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating RSUs) will, until the Election Deadline, be entitled to elect to receive either Cash Election Consideration, Stock Election Consideration or Mixed Election Consideration in exchange for each share of Finisar Common Stock held by him or her that was issued and outstanding immediately prior to the Effective Time (including with respect to such holder s Participating RSUs held by such holder prior to the Effective Time), subject to the proration adjustment procedures described in this joint proxy statement/prospectus. Holders entitled to make an election that fail to do so or that make an untimely election (or who otherwise are deemed not to have submitted an effective form of election) will be deemed to have elected for Mixed Election Consideration.

Elections to receive Cash Election Consideration (each, a Cash Election) and elections to receive Stock Election Consideration (each, a Stock Election) are subject to the proration adjustment procedures set forth in the Merger

Agreement to ensure that the aggregate Merger Consideration will consist of approximately 60% cash and approximately 40% II-VI Common Stock (with the II-VI Common Stock valued at the closing price as of November 8, 2018).

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Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the treatment of shares of Finisar Common Stock, Finisar Stock Options and Finisar Restricted Stock Units in the Merger, and assuming no conversions of the Finisar Convertible Notes, II-VI expects to issue approximately 26.28 million shares of II-VI Common Stock to holders of Finisar Common Stock and Finisar equity awards upon completion of the Merger. The actual number of shares of II-VI Common Stock to be issued upon completion of the Merger will be determined at the completion of the Merger based on, among other things, the number of shares of Finisar Common Stock outstanding and the market price of II-VI Common Stock at that time. Based on the number of shares of Finisar Common Stock outstanding as of February 5, 2019, and the number of shares of II-VI Common Stock outstanding as of February 5, 2019, it is expected that, immediately after completion of the Merger, former holders of Finisar Common Stock and Finisar equity awards will own approximately 29.27% of the outstanding shares of II-VI Common Stock.

Background of the Merger

Each of the Finisar Board and the II-VI Board, together with their respective management teams (which we refer to as Finisar management and II-VI management), regularly reviews and assesses their respective company s performance, future growth prospects, business strategies and opportunities and challenges as part of their evaluation of their company s prospects and strategies for enhancing long-term shareholder value. As part of that review process, each of the boards and management teams have regularly reviewed and considered their company s respective strategic direction and business objectives, including strategic opportunities that might be available to them, such as possible acquisitions, divestitures and business combination transactions.

The Merger and the terms of the Merger Agreement are the result of arm s length negotiations conducted between representatives of II-VI, Finisar and their respective legal and financial advisors. The following is a summary of the principal events, meetings, negotiations and actions among the parties leading to the execution and public announcement of the Merger Agreement.

In connection with II-VI s regular review process mentioned above, during the course of 2017 II-VI management identified Finisar to the II-VI Board as one of the companies that had products and technologies that were complementary to those of II-VI and which potentially could represent an opportunity for II-VI to rapidly accelerate its growth into new markets that will require new capabilities and potentially reduce costs. In particular, II-VI management was of the view that a combination with Finisar could offer unique additional opportunities in 5G with the InP platform and switching products, 3D sensing, and LiDAR, and create an overall larger and more diversified platform for accelerated growth in optoelectronics, compound semiconductors, and engineered materials for the rapidly evolving datacom/telecommunications, sensing, and power electronics markets.

On August 19, 2017, the II-VI Board of Directors held an in-person regular meeting. Also present were members of II-VI management, representatives of BofA Merrill Lynch and of the law firm of Sherrard, German & Kelly, P.C., counsel to II-VI (Sherrard German). Among other things, the II-VI Board, together with II-VI management, reviewed the current mergers and acquisitions strategy for II-VI, including a number of potential acquisition or combination candidates, such as Finisar.

On September 6, 2017, Finisar announced that Mr. Jerry S. Rawls, a director and, at that time, the Chief Executive Officer of Finisar, had informed the Finisar Board that he intends to retire as the Chief Executive Officer of Finisar by the end of calendar year 2018. Finisar also announced that the Finisar Board would conduct a search to identify Mr. Rawls successor as the Chief Executive Officer of Finisar.

On September 11, 2017, the II-VI Board held a telephonic special meeting. Also participating in that meeting were representatives of BofA Merrill Lynch and Sherrard German. II-VI management and representatives of BofA Merrill Lynch and Sherrard German gave a presentation regarding Finisar as a potential strategic combination opportunity. Following those presentations, the II-VI Board engaged in a discussion about

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Finisar s business, the potential opportunities that a combination of II-VI with Finisar could create, and whether it was an appropriate time to contact Finisar in order to determine if the Finisar Board and Finisar management would have any interest in exploring a potential strategic transaction between the two companies. At that meeting, the II-VI Board directed Dr. Vincent D. Mattera, Jr., the President and Chief Executive Officer and a director of II-VI, to contact Finisar for that purpose.

On October 2, 2017, Dr. Mattera had an initial dinner meeting, which Dr. Mattera initiated, with Mr. Rawls to discuss whether Finisar had interest in exploring a potential strategic transaction between Finisar and II-VI. A representative of BofA Merrill Lynch attended that meeting. At the meeting, it was agreed that a subsequent meeting would be arranged for an expanded group to discuss high-level overviews about the respective businesses of II-VI and Finisar.

On October 27, 2017, representatives of II-VI, including Dr. Mattera, Walter R. Bashaw II, a partner with Sherrard German and later Senior Vice President, Strategy and Corporate Development of II-VI, and Dr. Giovanni Barbarossa, Chief Technology Officer of II-VI, and representatives of BofA Merrill Lynch met with representatives of Finisar, including Mr. Rawls, Joseph A. Young, Executive Vice President, Global Operations of Finisar, Kurt Adzema, Executive Vice President, Finance and Chief Financial Officer of Finisar, Todd Swanson, Chief Operating Officer of Finisar, and Mr. Eric Bentley, Vice President, Corporate Development of Finisar, in Palo Alto, California. At that meeting, representatives of II-VI provided overviews of the businesses and operations of both companies; however, during this meeting there was no discussion regarding an indication of value for Finisar or potential terms for a combination of the companies. Rather, the conversation was general in nature and considered various potential arrangements between II-VI and Finisar, including, among others, a possible business combination between Finisar and II-VI.

On November 3, 2017, the II-VI Board held a regularly scheduled in-person meeting. Also present were representatives of BofA Merrill Lynch and Sherrard German. At that meeting, Dr. Mattera provided a summary of the October 27, 2017 meeting with Finisar management and indicated that Finisar management had some interest in continued discussions regarding a potential strategic transaction between the two companies. BofA Merrill Lynch presented certain information regarding Finisar and other potential strategic transaction candidates for II-VI.

On November 30 and December 1, 2017, the Finisar Board held an in-person regularly scheduled meeting. Also present was a representative of O Melveny. Mr. Adzema presented to the Finisar Board a corporate development presentation, which included comparative information regarding market competitors, the mergers and acquisition landscape, including possible acquisition targets and under what circumstances Finisar may consider an acquisition offer, and other possible corporate development initiatives. Discussion by the Finisar Board ensued.

On December 11, 2017, Dr. Mattera had another dinner meeting with Mr. Rawls to discuss the reaction of Finisar management to the October 27, 2017 meeting, the potential strategic benefits to a combination of the two companies, and possible transaction scenarios.

In January 2018, the Finisar Board completed its search for a new Chief Executive Officer with the hiring of Mr. Michael E. Hurlston as the new Chief Executive Officer and a director of Finisar.

On February 9, 2018, the II-VI Board held a regularly scheduled in-person meeting. Also present were representatives of Sherrard German.

On March 6 and 7, 2018, the Finisar Board held an in-person regularly scheduled meeting. Also present was a representative of O Melveny. Messrs. Adzema and Bentley provided the Finisar Board a corporate development update, including a review of the industry and competitive landscape, and possible acquisition or merger partners.

Discussion by the Finisar Board ensued. The Finisar Board provided feedback to Finisar management and instructed Finisar management to continue to explore potential strategic options for Finisar.

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In connection with Finisar s periodic review and consideration of strategic alternative transactions, on March 23, 2018, Mr. Hurlston and a representative of a strategic party (Party A) attended a dinner meeting at which they had an initial discussion about a potential business combination between Finisar and Party A.

On March 27, 2018, Mr. Hurlston and a representative of Party A attended another dinner meeting to discuss further a potential business combination between Finisar and Party A.

On April 3, 2018, representatives of Finisar met with representatives of a strategic target (Target A) to discuss a potential business combination between Finisar and Target A.

On April 6, 2018, representatives of Finisar met with representatives of a strategic target (Target B) to discuss a potential business combination between Finisar and Target B.

On April 10, 2018, Finisar entered into a confidentiality agreement with Party A, which contained a mutual standstill provision, with the provision restricting Party A terminating automatically upon Finisar s entry into a merger agreement with a third party.

Between April 9, 2018 and April 12, 2018, representatives of Finisar and Target A communicated regarding financial diligence information about Target A.

On April 12, 2018, Mr. Hurlston spoke with the chief executive officer of Target B regarding a potential business combination between Finisar and Target B.

On April 13, 2018 representatives of Finisar and Party A held a meeting to discuss a potential business combination between Finisar and Party A.

Between April 13, 2018 and May 18, 2018, Finisar s management responded to due diligence inquiries from, and engaged in numerous discussions and meetings with, Party A concerning the possibility of an acquisition of, or other strategic transaction with, Finisar.

On April 17, 2018, at the direction of II-VI, a representative of BofA Merrill Lynch called Mr. Robert N. Stephens, the Chairman of the Finisar Board, to express the ongoing interest of II-VI s management in exploring a potential combination of the two companies. On that call, it was agreed that Dr. Mattera and Mr. Hurlston would meet in person.

Also on April 17, 2018, Mr. Hurlston met in person with a representative of Target A to discuss a potential business combination between Finisar and Target A, including, without limitation, valuation and deal terms.

On April 20, 2018, Dr. Mattera and Mr. Hurlston had a dinner meeting in the San Francisco Bay Area. At that meeting, Mr. Hurlston indicated that the Finisar Board would be willing to receive a proposal from II-VI regarding a potential combination of the two companies.

On or about April 25, 2018, Finisar entered into a non-disclosure agreement with Target A, which contained a mutual standstill provision, with the provision restricting Target A terminating automatically upon Finisar s entry into a merger agreement with a third party.

On or about April 25, 2018, representatives of Finisar contacted representatives of Barclays Capital Inc. (Barclays) in connection with Barclays potentially acting as financial advisor to Finisar and invited representatives of Barclays to

present to representatives of Finisar on May 1, 2018.

Between April 26, 2018 and April 29, 2018, Mr. Adzema and a representative of Target A communicated regarding financial due diligence related to Target A.

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On April 27, 2018, representatives of Finisar and representatives of Target B met in person to discuss a potential business combination between Finisar and Target B.

On April 27, 2018, the II-VI Board held a telephonic special meeting. Also present were representatives of BofA Merrill Lynch and Sherrard German. At that meeting, II-VI management provided a detailed overview of Finisar s business, products, and technologies, the markets and capabilities that would be available to II-VI if it were to combine with Finisar, the strategic opportunities and alternatives to combining with Finisar, estimated potential cost synergies from a combination, and the relative contributions and resulting ownership at various prices at which II-VI might acquire Finisar. BofA Merrill Lynch also provided a presentation regarding the potential for II-VI to acquire Finisar in a cash and stock transaction instead of pursuing an all equity, merger of equals transaction.

On April 30, 2018, Finisar management attended a presentation given by management of Target A regarding Target A s business.

On May 1, 2018, representatives of certain investment banks, including representatives of Barclays, presented to Messrs. Hurlston, Stephens, Child, Ferguson and Adzema regarding, among other things, each such investment bank s credentials, experience in the industry and other aspects relating to potential strategic transactions that would involve Finisar.

On May 2, 2018, the Finisar Board held a telephonic special meeting. Also present was a representative of the law firm O Melveny & Myers, counsel to Finisar (O Melveny). Mr. Hurlston reviewed presentations made by representatives of several investment banks on May 1, 2018, including their capabilities, industry sector experience and knowledge and an evaluation of a potential working relationship with those investment banks. The Finisar Board then discussed the merits of retaining a financial advisor, the strengths and weaknesses of the financial advisor candidates that presented to Finisar and the probable fee structures. After further discussion, the Finisar Board authorized management to work with Barclays and at the appropriate time formally retain Barclays as Finisar s financial advisor for the purpose of providing financial advisory services with respect to a potential sale of Finisar. The Finisar Board also delegated the negotiation of the terms of the engagement with Barclays to Finisar s management, subject to approval by the Finisar Board and subject to the review by the Finisar Board of the relationship disclosures made by Barclays.

Also on May 2, 2018, the II-VI Board held a special telephonic meeting to review in further detail the opportunities and issues arising from a potential acquisition of Finisar. Also participating were representatives of BofA Merrill Lynch, Sherrard German, and the law firm of K&L Gates LLP, counsel to II-VI (K&L Gates). BofA Merrill Lynch provided an overview of potential structures, financing, and pricing for an acquisition of Finisar. After an extensive discussion on the subject, the II-VI Board authorized management of II-VI to propose a transaction whereby II-VI would acquire Finisar at an indicative value of $22.00 to $23.00 per share of Finisar Common Stock. The consideration to be paid by II-VI would be a mix of cash and II-VI Common Stock, with the cash component comprising approximately 65% to 70% of the total consideration. In addition, the proposal would include representation of the Finisar Board on the II-VI Board commensurate with the Finisar shareholders pro forma ownership of the combined company and the expectation that members of Finisar s management team would have key leadership roles.

On May 3, 2018, Dr. Mattera met with Mr. Hurlston in BofA Merrill Lynch s office in Palo Alto, California and presented the II-VI proposal outlined above (the May 3 Proposal). Also in attendance were Mr. Bashaw, Mr. Adzema and representatives from BofA Merrill Lynch. The proposal also provided that II-VI estimated potential cost synergies of approximately $100 million, indicated that financing of the cash component of the consideration would be pursuant to committed debt financing arranged through BofA Merrill Lynch, and indicated that the proposal was subject to

customary due diligence. Mr. Hurlston s response was that the proposal was unlikely to be accepted, and the meeting concluded without any agreement as to next steps.

Between May 3, 2018 and May 6, 2018, Mr. Stephens had individual conversations with members of the Finisar Board regarding the May 3 Proposal.

On May 9, 2018, the Finisar Board held a telephonic special meeting. Also present was a representative of O Melveny. Mr. Hurlston discussed with the Finisar Board possible near-term and longer-term strategies for Finisar. The Finisar Board discussed the process for reviewing, evaluating and considering potential strategic alternative transactions. Mr. Adzema discussed with the Finisar Board the preparation of financial information. The Finisar Board designated Messrs. Stephens and Roger C. Ferguson, one of the independent directors of Finisar, as designees of the Finisar Board to engage with Finisar management on the review of the financial information, including projections, and communications with Barclays. The Finisar Board then discussed a proposed plan for evaluating the strategic alternatives, including, without limitation, the May 3 Proposal from II-VI.

Between May 9, 2018 and May 12, 2018, Mr. Adzema and a representative of Target A communicated regarding general due diligence.

On May 11, 2018, the II-VI Board held a special telephonic meeting to review further the response of Finisar to the May 3 Proposal. Also participating were representatives of BofA Merrill Lynch, Sherrard German, and K&L Gates. Dr. Mattera reported on his meeting with Mr. Hurlston. BofA Merrill Lynch then provided an update on potential alternative structures, financing, and pricing for an acquisition of Finisar. The II-VI Board discussed those issues at length.

On May 13, 2018, Mr. Hurlston sent a presentation about Finisar to a representative of Target A and requested additional due diligence information regarding Target A.

On May 14, 2018, a representative of Target A sent to Mr. Hurlston additional information regarding Target A.

On May 15, 2018, the Finisar Board held a telephonic special meeting. Also present was a representative of O Melveny. Mr. Hurlston presented to the Finisar Board the potential acquisition of Target A by Finisar, including, without limitation, an overview of Target A s business, a review of Target A s business lines, financial performance and competitive landscape. Discussion by the Finisar Board of a potential acquisition of Target A followed Mr. Hurlston s presentation. Mr. Adzema then discussed with the Finisar Board possible valuation ranges for the potential acquisition of Target A. Mr. Christopher E. Brown, the Executive Vice President, Chief Counsel and Secretary of Finisar, then reviewed with the Finisar Board a proposed non-binding term sheet to be provided to Target A setting forth the material terms of the proposed acquisition of Target A by Finisar. After further discussion, the Finisar Board authorized management to deliver the non-binding term sheet at the valuation ranges discussed by the Finisar Board.

On May 16, 2018, Mr. Hurlston and a representative of Target B communicated regarding a potential business combination between Finisar and Target B and an upcoming in-person meeting between representatives of Finisar and Target B.

On May 17, 2018, a representative of BofA Merrill Lynch called Mr. Stephens to discuss the May 3 Proposal from II-VI and Mr. Stephens conveyed to the representative of BofA Merrill Lynch that the Finisar Board was continuing to evaluate the May 3 Proposal.

Also on May 17, 2018, the II-VI Board held a regularly scheduled, in-person meeting. Also present were representatives of BofA Merrill Lynch and Sherrard German. The II-VI Board reviewed again the response of Finisar to the May 3 Proposal. BofA Merrill Lynch presented a general update on Finisar and the state of the mergers and

acquisitions market, potential alternative pricing for an acquisition of Finisar, and potential alternative responses to Finisar. The II-VI Board discussed those issues at length. The II-VI Board also authorized II-VI management to engage the management consulting firm McKinsey & Company (McKinsey)

to assist management of II-VI in developing a financial and operational model of a combination of II-VI s and Finisar s businesses, including for purposes of analyzing the potential synergies of that combination.

On May 18, 2018, Mr. Adzema delivered a non-binding letter of intent to representatives of Target A.

Also on May 18, 2018, representatives of Finisar and Target B met in-person to discuss a potential business combination between Finisar and Target B, including, without limitation, due diligence matters.

On May 21, 2018, representatives of Finisar and Target B held discussions regarding due diligence matters related to Target B.

On May 28, 2018, II-VI engaged McKinsey to assist management of II-VI in developing a financial and operational model of a combination of II-VI s and Finisar s businesses, including for purposes of analyzing the potential synergies of that combination. McKinsey s analysis would be based on a detailed review of II-VI s operations and on the publicly available information about Finisar s operations. McKinsey completed its review and analysis on June 21, 2018, and concluded that cost synergies of at least $150 million per year within three years of closing should be reasonably attainable.

On June 6, 2018, Mr. Hurlston and the Chief Executive Officer of Party A attended a dinner meeting to discuss, among other things, a potential business combination between Finisar and Party A. Thereafter, Finisar and Party A ceased to have discussions regarding a potential business combination until September 27, 2018, when, at the direction of the Finisar Board, representatives of Barclays contacted Party A regarding a potential business combination with Finisar.

On June 12 and 13, 2018, the Finisar Board held an in-person regularly scheduled meeting. Also present were representatives of Barclays (for a portion of the meeting) and O Melveny. Among other things, the Finisar Board, together with members of Finisar management, reviewed and discussed the annual operating plan of Finisar for fiscal year 2019 and the projections of Finisar with respect to fiscal years 2019 and 2020, including, without limitation, the risks associated with such plan and projections. Representatives of Barclays reviewed with the Finisar Board preliminary financial analyses regarding the possible acquisition of Target A and other possible strategic options for Finisar. Representatives of Barclays and Mr. Hurlston informed the Finisar Board of feedback received from Target A that the Finisar offer was insufficient and invited a revised offer. The Finisar Board and representatives of Barclays also discussed potential strategic alternatives available to Finisar, including a potential sale of Finisar and the likelihood of whether financial acquirers would be interested in pursuing an acquisition of Finisar. Representatives of Barclays and the Finisar Board then discussed the May 3 Proposal received from II-VI, including, without limitation, a preliminary financial analysis of such potential transaction. After that discussion, the Finisar Board instructed Mr. Stephens to convey to II-VI that the May 3 Proposal had too low of a purchase price, but not to counter the proposal.

On June 15, 2018, Mr. Stephens spoke with representatives of BofA Merrill Lynch regarding the potential benefits of a business combination between Finisar and II-VI, but stated that until Finisar had completed certain internal initiatives, Finisar was not prepared to discuss terms of a potential business combination with II-VI. Mr. Stephens further conveyed to representatives of BofA Merrill Lynch that the Finisar Board took the May 3 Proposal seriously, but that the price proposed therein was not acceptable. Mr. Stephens and representatives of BofA Merrill Lynch agreed to continue their dialog.

On June 21, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch, Sherrard German, and K&L Gates. Timothy A. Challingsworth, Director of Corporate, R&D, and

Business Development of II-VI, first provided an overview of the nature and extent of due diligence that had been performed with respect to Finisar and its business. Representatives of McKinsey then provided a presentation on diligence and synergies model that it had assisted II-VI management in developing. Representatives of BofA Merrill Lynch then gave a presentation regarding a combination of Finisar and II-VI, including a financial analysis of Finisar on a stand-alone basis and as combined with II-VI. The II-VI Board then had an extensive discussion of those subjects.

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On June 22, 2018, representatives of Target A conveyed their position with respect to the valuation of Target A to representatives of Finisar.

Later on June 22, 2018, Messrs. Stephens and Hurlston discussed Target A s position with respect to its valuation with representatives of Target A.

On June 23, 2018, Mr. Hurlston discussed with the chief executive officer of Target B that each of Finisar and Target B were not interested in pursuing further a business combination between Finisar and Target B.

On June 26, 2018, Mr. Stephens discussed with representatives of BofA Merrill Lynch potential synergies regarding a business combination between Finisar and II-VI and the desire of II-VI to continue discussions with Finisar regarding a business combination.

Later on June 26, 2018 Mr. Stephens and representatives of BofA Merrill Lynch further discussed scheduling a call with Dr. Mattera regarding a potential business combination between Finisar and II-VI.

On June 28, 2018, the Finisar Board, together with representatives of Barclays, discussed sending a revised non-binding letter of intent and a revised valuation offer range of Target A to Target A.

On July 6, 2018, Mr. Stephens and Dr. Mattera discussed the strategic rationale for a combination of Finisar and II-VI and discussed holding an in-person meeting later in July 2018 regarding a potential business combination between Finisar and II-VI. Later that day, Mr. Stephens and a representative of BofA Merrill Lynch discussed further that strategic rationale.

On July 10, 2018, the Finisar Board held a telephonic special meeting. Also present was a representative of O Melveny. Mr. Hurlston led the Finisar Board in a discussion regarding a range of potential strategic alternatives for Finisar, including Finisar s then current strategy on a standalone basis, possible divestiture of certain operations, a strategic acquisition by Finisar, alternative potential acquisition targets of Finisar in addition to Target A and Target B, and recent developments and discussions between Finisar and II-VI, including, without limitation, Mr. Stephens recent discussions with Dr. Mattera regarding the strategic rationale for a business combination with II-VI. An extensive discussion by the Finisar Board ensued. The Finisar Board also discussed the May 3 Proposal from II-VI, including analyzing the Finisar business, and risks and opportunities relating thereto. Discussion by the Finisar Board ensued. Mr. Hurlston reviewed with the Finisar Board the terms of a revised non-binding letter of intent to potentially be sent to Target A. An extensive discussion by the Finisar Board followed, and thereafter the Finisar Board instructed Mr. Hurlston to submit such revised non-binding letter of intent to Target A.

On July 13, 2018, Mr. Hurlston discussed with representatives of Target A the valuation of Target A. Later on July 13, 2018, representatives of Finisar delivered to representatives of Target A a revised non-binding letter of intent.

On July 20, 2018, representatives of Finisar and Target A discussed a potential business combination between Finisar and Target A, and Target A communicated to representatives of Finisar that Finisar s offer from July 13, 2018 was insufficient.

On July 26, 2018, Mr. Stephens met with Dr. Mattera at II-VI s facility in Murrieta, California to discuss providing feedback from the Finisar Board to II-VI regarding the May 3 Proposal following the special meeting of the Finisar Board to be held on August 3, 2018. At that July 26, 2018 meeting, Dr. Mattera explained in detail the rationale for II-VI acquiring Finisar.

On August 3, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays and O Melveny. Representatives of Barclays reviewed its preliminary financial analysis of Finisar and the potential business combination with II-VI. Representatives of Barclays also discussed possible responses

to the May 3 Proposal to merge with Finisar in a stock and cash transaction with consideration to Finisar stockholders of $22.00 to $23.00 per share of Finisar Common Stock, including ranges of a potential counter offer. Discussion by the Finisar Board ensued. Mr. Stephens then summarized his recent discussions with Dr. Mattera. The Finisar Board then discussed a possible response to II-VI. The Finisar Board considered, among other factors, the current financial position, forecast and prospects of Finisar on a standalone basis, the challenges of projecting Finisar s financial performance in the long term, including fiscal year 2021 and beyond, the preliminary financial analysis reviewed by Barclays, attributes of II-VI and its stock, the pro forma ownership level of Finisar stockholders in the combined company, and the landscape of possible alternative transactions. After extensive discussion, the Finisar Board instructed the representatives of Barclays to respond to II-VI by rejecting the May 3 Proposal as financially inadequate, and proposing a counter price range of $26.00 to $29.00 per share.

Also on August 3, 2018, after having had discussions with members of the Finisar Board, Mr. Hurlston spoke with representatives of Target A regarding a potential business combination between Finisar and Target A and the valuation of Target A. Thereafter, Finisar and Target A ceased to have discussions regarding a potential business combination.

On August 4, 2018, representatives of Barclays, on behalf of Finisar, communicated to representatives of BofA Merrill Lynch, on behalf of II-VI, that the Finisar Board was prepared to engage in further discussions and negotiations regarding a potential business combination between Finisar and II-VI if the price per share of Finisar Common Stock was between the range of $26.00 per share to $29.00 per share.

On August 13, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch and Sherrard German. At the meeting, representatives of BofA Merrill Lynch provided an overview of the August 4 communication from Finisar regarding the increased price range and gave a presentation regarding the results of that price range on various financial metrics of II-VI. After substantial discussion by the II-VI Board regarding that increased price range and its consequences, the II-VI Board concluded that substantially more diligence information was required before proceeding with further discussions about an increase in price.

Later on August 13, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, communicated to representatives of Barclays, on behalf of Finisar, that II-VI would not be in a position to improve its proposal without access to new information supporting a higher value. In subsequent conversations, representatives of BofA Merrill Lynch and representatives of Barclays agreed to schedule mutual executive presentations to be focused on items with implications for value.

On August 18, 2018, the II-VI Board held a regularly scheduled, in-person meeting. Also participating were representatives of BofA Merrill Lynch and Sherrard German. At the meeting, members of II-VI management provided an update on the status of discussions with Finisar, and representatives of BofA Merrill Lynch provided an update of various strategic alternatives, including as they related to Finisar.

On August 19, 2018, at the direction of Finisar, representatives of Barclays delivered a draft evaluation and non-disclosure agreement to representatives of BofA Merrill Lynch (who were acting on behalf of II-VI), which agreement included a customary standstill provision that would automatically terminate upon Finisar s entry into a merger agreement with a third party.

On August 21, 2018, Dr. Mattera met with Messrs. Hurlston and Ferguson. At that meeting, Dr. Mattera explained in detail the rationale for II-VI acquiring Finisar.

On August 23, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, delivered a revised draft evaluation and non-disclosure agreement to representatives of Barclays.

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Later on August 23, 2018, Mr. Michael Kuder, Associate General Counsel of II-VI, and Mr. Brown had a discussion regarding providing the draft evaluation and non-disclosure agreement, and following that discussion Mr. Kuder sent to Mr. Brown a revised draft of the evaluation and non-disclosure agreement.

On August 24, 2018, Mr. Kuder sent to Mr. Brown a further revised evaluation and non-disclosure agreement, which was executed and delivered by both Finisar and II-VI later that day. The agreement continued to include a standstill provision that would automatically terminate upon Finisar s entry into a merger agreement with a third party.

On August 27, 2018, members of II-VI management, including Dr. Mattera and Mr. Challingsworth, and representatives of Sherrard German and McKinsey met with members of Finisar management, including Messrs. Hurlston, Adzema, and Swanson, and discussed diligence topics with implications for value, and also reviewed Finisar s financial plan and II-VI s initial financial plan and synergies assessment. Representatives of BofA Merrill Lynch and representatives of Barclays were also present at this meeting.

On September 4 and 5, 2018, the Finisar Board held an in-person regularly scheduled meeting. Also present were representatives of Barclays (for a portion of the meeting) and O Melveny. Representatives of Barclays provided an update regarding the potential business combination with II-VI, including a preliminary financial analysis, a preliminary diligence analysis on II-VI, potential transaction structures, a preliminary analysis on potential synergies and potential alternative strategic transactions for Finisar. Discussion by the Finisar Board ensued.

On September 11, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch and Sherrard German. At the meeting, members of II-VI management provided an update on the status of discussions with Finisar and an update of financial projections. The II-VI Board discussed those items and also potential bidding strategies as they related to Finisar. At that meeting, the II-VI Board approved an increase of the proposed price range to $24.50 to $26.00 per share of Finisar Common Stock.

On September 14, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, delivered a new proposal letter (the September 14 Proposal) to representatives of Barclays, on behalf of Finisar, pursuant to which II-VI reiterated the May 3 Proposal, but with an increased price range of $24.50 to $26.00 per share of Finisar Common Stock, approximately 60% of which aggregate consideration would be payable in cash. The September 14 Proposal also indicated that II-VI expected that the combination of the companies could achieve cost synergies of approximately $150 million within three years of closing and also significant revenue synergies.

On September 18, 2018, Dr. Mattera called Mr. Stephens to discuss the September 14 Proposal from II-VI. On that call Mr. Stephens indicated that the Finisar Board wanted to meet before providing a response to the September 14 Proposal.

On September 21, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays (for a portion of the meeting) and O Melveny. Representatives of Barclays summarized the September 14 Proposal received from II-VI and reviewed its preliminary financial analysis of Finisar and the potential business combination with II-VI, which had been provided to the Finisar Board in advance of this special meeting. Discussion by the Finisar Board ensued. The Finisar Board then discussed the September 14 Proposal, Finisar s strategic plan, risks and opportunities relating thereto and Finisar s anticipated financial performance, including the challenges of projecting Finisar s financial performance in the long term, including through fiscal year 2021 and beyond. Representatives of Barclays reviewed other potential acquirers of Finisar. Discussion by the Finisar Board ensued. Representatives of Barclays also discussed with the Finisar Board potential responses to the September 14 Proposal. After discussion, the Finisar Board instructed Mr. Stephens to provide a counter-proposal to II-VI of $27.50 per share of Finisar Common Stock.

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Later on September 21, 2018, Mr. Stephens conveyed to Dr. Mattera that a price of $27.50 per share of Finisar Common Stock would be supported by the Finisar Board.

On September 26, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch, Sherrard German, and K&L Gates. At the meeting, members of II-VI management provided an update on the status of discussions with Finisar and potential synergies from the potential transaction, as well as an update to the II-VI management forecasts. Representatives of BofA Merrill Lynch provided an updated financial analysis with respect to the proposed transaction. The II-VI Board discussed those items at length, and then approved proposing an offer price of $26.00 per share of Finisar Common Stock, with cash comprising approximately 60% of the total consideration.

On September 26, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, delivered a further revised proposal letter (the September 26 Proposal) to representatives of Barclays, on behalf of Finisar, pursuant to which II-VI affirmed the substance of the September 14 Proposal, but at a price of $26.00 per share, approximately 60% of which aggregate consideration would be payable in cash and the balance in shares of II-VI Common Stock, and with Finisar stockholders owning approximately 30% of the outstanding common shares of II-VI upon conclusion of the transaction. The September 26 Proposal also included a request for exclusivity.

On September 27, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays (for a portion of the meeting) and O Melveny. Representatives of Barclays reviewed the terms of the September 26 Proposal, including, among other things, that the offer included a request for 30 days of exclusivity. Representatives of Barclays also reviewed its preliminary financial analysis of Finisar and the potential business combination with II-VI. Discussion ensued by the Finisar Board. The Finisar Board, together with representatives of Barclays, then engaged in a discussion on possible responses to II-VI, including, among other things, rejecting the request for exclusivity, requesting a highly confident letter from BofA Merrill Lynch as lender to II-VI and certainty regarding the value of the II-VI Common Stock consideration. The Finisar Board, together with representatives of Barclays, also discussed alternative possible business combination transactions involving Finisar. The Finisar Board identified four potential strategic parties (Party A and Parties B, C and D, in each case defined below), which they collectively believed to be most likely to be interested in, and able to consummate, a business combination with Finisar, for potential inclusion in outreach efforts to assess whether a superior proposal was reasonably available to Finisar. The Finisar Board then engaged in a further discussion concerning the September 26 Proposal, Finisar s strategic plan, and risks and opportunities relating thereto, Finisar s projections, possible responses to II-VI, the availability of alternative offers involving Finisar, the preliminary financial analysis of Barclays, and input from Finisar s management, among other factors. After extensive discussion, the Finisar Board instructed representatives of Barclays to explore alternative offers by reaching out to Parties A, B, C and D, and instructed Barclays to respond to II-VI by stating that the Finisar Board was prepared to move forward with $26.00 per share of Finisar Common Stock, but had certain concerns about the September 26 Proposal, including, without limitation, certainty regarding the value of the stock consideration, the request for exclusivity and the certainty of financing.

Later on September 27, 2018, Mr. Hurlston delivered to Dr. Mattera a response (the September 27 Response) to the September 26 Proposal, which stated, among other things, that the Finisar Board was prepared to move forward with a price of $26.00 per share of Finisar Common Stock and that (i) Finisar proposed a collar on the value of the II-VI stock between signing the a merger agreement with II-VI and closing the related merger, (ii) Finisar would not agree to exclusivity and (iii) requested a Highly Confident Letter from BofA Merrill Lynch in connection with II-VI s financing.

Also later on September 27, 2018, Mr. Stephens communicated to Dr. Mattera that the Finisar Board had met and discussed the September 26 Proposal and that the Finisar Board was prepared to move forward with a price of $26.00

per share of Finisar Common Stock. Dr. Mattera responded to Mr. Stephens that Mr. Hurlston had communicated to Dr. Mattera the September 27 Response.

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Also later on September 27, 2018, representatives of Barclays contacted the chief financial officer of Party A to invite Party A to further consider whether it would be interested in further exploring a potential business combination with Finisar. The chief financial officer of Party A informed the representatives of Barclays that he would discuss the matter internally. Thereafter on September 27, 2018, the chief executive officer of Party A called Mr. Hurlston to discuss a potential business combination with Finisar.

Also later on September 27, 2018, representatives of Barclays contacted the chief executive officer of a strategic party (Party B) to invite Party B to consider whether it would be interested in exploring a potential business combination with Finisar.

On September 28, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, spoke with representatives of Barclays regarding the September 27 Response, and stated that II-VI did not agree to the collar proposed in the September 27 Response. Representatives of BofA Merrill Lynch and Barclays also discussed scheduling discussions among Finisar and II-VI relating to analyzing the potential synergies that might arise from a combination of Finisar and II-VI.

Also on September 28, 2018, representatives of Barclays contacted the senior vice president, corporate development of a strategic party (Party C) to invite Party C to consider whether it would be interested in exploring a potential business combination with Finisar. That senior vice president, corporate development of Party C informed the representatives of Barclays that he would discuss the matter internally.

Also on September 28, 2018, representatives of Barclays contacted a senior vice president of a strategic party (Party D) to invite Party D to consider whether it would be interested in exploring a potential business combination with Finisar.

On October 1, 2018, Finisar entered into an evaluation and non-disclosure agreement with Party D, which contained a standstill provision that automatically terminated upon Finisar s entry into a merger agreement with a third party.

Also on October 1, 2018, the chief executive officer and the senior vice president, corporate development of Party C called representatives of Barclays to state that Party C was not interested in pursuing discussions with Finisar regarding a strategic business combination.

Also on October 1, 2018, the senior vice president of Party D introduced the representatives of Barclays to the head of mergers and acquisitions of Party D, and the representatives of Barclays spoke with the head of mergers and acquisitions of Party D regarding whether Party D would be interested in exploring a potential business combination between Finisar and Party D.

Also on October 1, 2018, the chief executive officer of Party B communicated to representatives of Barclays that the chief financial officer of Party B would reach out to representatives of Barclays to further discuss a potential business combination between Finisar and Party B.

Separately on October 1, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch, Sherrard German, and K&L Gates. At the meeting, members of II-VI management provided an update on the status of due diligence, a diligence work plan, and a potential timeline for the transaction process. Representatives of BofA Merrill Lynch provided a presentation regarding the collar structure included in the September 27 Response, the very limited number of comparable transactions in which such a collar structure had been used, and the potential negative consequences of such a collar structure. Following a discussion of those topics, the II-VI Board affirmed the rejection of the collar structure included in the September 27 Response.

On October 2, 2018, representatives of BofA Merrill Lynch, acting on behalf of II-VI, delivered a due diligence work plan and a due diligence request list to representatives of Barclays, acting on behalf of Finisar.

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Also on October 2, 2018, representatives of Barclays spoke with the chief financial officer of Party B, who expressed Party B s potential interest in pursuing a business combination with Finisar.

Also on October 2, 2018, Mr. Hurlston had dinner with the chief executive officer of Party A and discussed a potential business combination transaction between Finisar and Party A.

On October 3 and 4, 2018, representatives of senior management of each of Finisar and II-VI met to present and discuss the potential synergies that may arise from a combination of Finisar and II-VI. Representatives of Barclays and BofA Merrill Lynch also participated in this meeting.

On October 5, 2018, Party D attended a telephonic presentation given by Finisar management regarding Finisar s business, including certain projections and estimates of future financial and operating performance with respect to Finisar s remaining quarters in fiscal year 2019, fiscal year 2020 and fiscal year 2021. Representatives of Barclays also participated in that call.

On October 8, 2018, the electronic data room for Finisar was opened to representatives of II-VI and its advisors.

Also on October 8, 2018, representatives of Barclays communicated with the head of mergers and acquisitions of Party D regarding the meeting that occurred on October 5, 2018. The head of mergers and acquisitions of Party D communicated to the representatives of Barclays that Party D would like to further discuss with representatives of Barclays the possibility of a potential business combination between Finisar and Party D on October 10, 2018.

On October 9, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays (for a portion of the meeting) and O Melveny. Mr. Hurlston provided an update to the Finisar Board regarding due diligence meetings that had previously taken place with representatives of II-VI. Discussion by the Finisar Board ensued. Representatives of Barclays reviewed their communications with representatives of BofA Merrill Lynch and an example timeline for a transaction with II-VI. Representatives of Barclays provided the Finisar Board with an update on discussions and meetings with representatives of Parties A, B, C and D. The Finisar Board, with representatives from Barclays, then discussed the II-VI stock price and potential downside protections relating to the value of the stock component of the proposed consideration. Discussion by the Finisar Board ensued, including that (i) downside protections, such as collars, in similar transactions are not common provisions and (ii) BofA Merrill Lynch, on behalf of II-VI, spoke with representatives of Barclays on September 28, 2018 and stated that II-VI did not agree to the collar proposed in the September 27 Response. Mr. Hurlston then discussed future due diligence meetings with II-VI, including with respect to Finisar s due diligence on II-VI, the process for business, financial and legal due diligence in connection with the transaction and the potential of Finisar engaging additional advisors to assist in Finisar s due diligence on II-VI. Representatives of O Melveny then reviewed with the Finisar Board its fiduciary duties in connection with a proposed transaction. The Finisar Board reviewed and discussed, among other things, the engagement of Barclays as Finisar s financial advisor in connection with providing financial advisory services to Finisar with respect to a sale of Finisar, the draft negotiated engagement letter with Barclays and the relationship disclosure made by Barclays. The Finisar Board approved the retention of Barclays as Finisar s financial advisor and the entry into such negotiated engagement letter.

Later on October 9, 2018, Mr. Hurlston had further communications with the chief executive officer of Party A regarding a potential business combination transaction between Finisar and Party A and the chief executive officer of Party A indicated that Party A was continuing to evaluate such a transaction.

Also on October 9, 2018, representatives of Party B delivered a revised draft evaluation and non-disclosure agreement to representatives of Barclays to which Finisar had no revisions.

On October 10, 2018, Finisar entered into an evaluation and non-disclosure agreement with Party B, which contained a standstill provision that automatically terminated upon Finisar s entry into a merger agreement with a third party.

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From October 10, 2018 through October 26, 2018, representatives of Finisar and II-VI continued their respective due diligence reviews of the other party, including several days of in-person diligence sessions.

Also on October 10, 2018, representatives of Barclays met with the chief financial officer of Party A to discuss Finisar and Party A s interest in exploring a potential business combination between Finisar and Party A. The chief financial officer of Party A indicated to the representatives of Barclays that Party A was not likely to pursue a potential business combination with Finisar.

Also on October 10, 2018, representatives of Barclays spoke with the head of mergers and acquisitions at Party D who stated that Party D was not interested in pursuing further discussions with Finisar regarding a potential strategic business combination because, in part, Party D was concerned about Finisar s financial profile.

On October 11, 2018, the electronic data room for II-VI was opened to representatives of Finisar.

On October 11, 2018, representatives of K&L Gates, on behalf of II-VI, distributed an initial draft merger agreement to O Melveny.

Also on October 11, 2018, Party B and its financial advisors attended a presentation given by Finisar management regarding Finisar s business, including certain projections and estimates of future financial and operating performance. Representatives of Barclays also attended that meeting.

During October 16, 2018 to October 18, 2018 representatives of Finisar and II-VI met for additional diligence sessions. Representatives of Finisar s and II-VI s respective advisors also attended such meetings.

On October 16, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays and O Melveny. Representatives of Barclays reported on the status of discussions and negotiations regarding the contemplated transaction with II-VI. Discussion by the Finisar Board ensued. Representatives of Barclays then provided the Finisar Board with an update on communications between representatives of Barclays and representatives of Parties A, B, C and D. Discussion by the Finisar Board ensued, including, without limitation, regarding other potential strategic parties. The Finisar Board instructed Barclays to initiate contact with three other potential strategic parties (Parties E, F and G, in each case as defined below). Representatives of O Melveny then provided the Finisar Board with a review of certain issues presented by II-VI s initial draft of a merger agreement between the parties, including, among other things, issues relating to certain deal protection provisions. Discussion by the Finisar Board ensued, and the Finisar Board instructed representatives of O Melveny to prepare comprehensive comments to the draft merger agreement and provide such comments to K&L Gates, on behalf of II-VI. Mr. Adzema then discussed the due diligence review being conducted by Finisar and Barclays on II-VI.

Separately on October 16, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch and K&L Gates. At the meeting, members of II-VI management provided an update on the status of due diligence, representatives of II-VI management and K&L Gates provided an overview of the materials terms of the draft merger agreement, representatives of II-VI management and BofA Merrill Lynch provided an update of the synergies analysis, and representatives of BofA Merrill Lynch provided an overview of the anticipated terms of the debt financing for the transaction. The II-VI Board asked a number of questions regarding that information, and had a substantial discussion regarding those topics.

Also on October 16, 2018, representatives of K&L Gates and O Melveny discussed regulatory considerations in connection with the contemplated transaction between Finisar and II-VI.

Later on October 16, 2018, representatives of Barclays contacted the chief executive officer of a strategic party (Party E) to invite Party E to consider whether it would be interested in exploring a potential business combination with Finisar. The chief executive officer of Party E informed the representatives of Barclays that Party E was not interested in pursuing discussions with Finisar regarding a business combination because, in part, Party E was concerned about Finisar s financial profile.

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Also later on October 16, 2018, representatives of Barclays contacted a vice president of a strategic party (Party F) to invite Party F to consider whether it would be interested in exploring a potential business combination with Finisar. The vice president of Party F informed the representatives of Barclays that he did not believe that Party F would be interested in a business combination with Finisar, but that he would discuss the matter internally.

On October 17, 2018, the electronic data room for II-VI was opened to representatives of Barclays.

Also on October 17, 2018, representatives of Barclays spoke with the vice president of Party F, who indicated that Party F was still discussing internally, but that he continued to believe that Party F would not likely be interested in pursuing a business combination with Finisar.

Also on October 17, 2018, representatives of Barclays contacted the chief business development officer of a strategic party (Party G) to invite Party G to consider whether it would be interested in exploring a potential business combination with Finisar. The chief business development officer of Party G requested that representatives of Barclays send him public information regarding Finisar. Thereafter, Barclays sent a public information book regarding Finisar, which included, among other things, an investor presentation and equity research reports, to the chief business development officer of Party G.

On October 18, 2018, representatives of O Melveny, on behalf of Finisar, submitted to representatives of K&L Gates a markup of the draft merger agreement.

Also on October 18, 2018, the chief executive officer of Party A called Mr. Hurlston to state that Party A was not interested in pursuing further discussions with Finisar regarding a business combination.

On October 19, 2018, representatives of K&L Gates, on behalf of II-VI, presented to representatives of O Melveny a preliminary indication of key issues in Finisar s markup of the draft merger agreement.

Later on October 19, 2018, representatives of K&L Gates held a conference call with representatives O Melveny to discuss several key points in the draft merger agreement and the preliminary indication of key issues.

Also on October 19, 2018, representatives of Barclays spoke with representatives of the financial advisor of Party B. The representatives of the financial advisor of Party B indicated to the representatives of Barclays that Party B was continuing to analyze a potential business combination with Finisar and that Party B would reach out to representatives of Barclays if it were interested in further pursuing such a combination.

Also on October 19, 2018, representatives of Barclays spoke with the vice president of Party F, who indicated that Party F was still discussing internally, but that he continued to believe that Party F would not likely be interested in pursuing a business combination with Finisar.

Also on October 19, 2018, the chief business development officer of Party G informed the representatives of Barclays that Party G was not interested in pursuing discussions with Finisar regarding a strategic business combination because, in part, Party G was concerned about Finisar s financial profile.

Also on October 19, 2018, Dr. Mattera, Mr. Bashaw, Mr. Hurlston and Mr. Stevens had a dinner meeting in the San Francisco Bay Area. At that meeting, the parties continued their discussions regarding a potential business combination of the two companies and pricing.

On October 20 and 21, 2018, representatives of K&L Gates and representatives of O Melveny continued their discussion regarding several key points in the draft merger agreement.

On October 22, 2018, the vice president of Party F informed the representatives of Barclays that Party F was not interested in pursuing discussions with Finisar regarding a strategic business combination.

On October 23, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays and O Melveny. Mr. Hurlston provided the Finisar Board with an update regarding the due diligence meetings conducted during the week of October 15, 2018 and the due diligence being conducted by Finisar on the II-VI business, financial condition and legal matters. Discussion by the Finisar Board ensued. The Finisar Board also discussed the market dynamics in Finisar s industry, the changing customer landscape of Finisar and pricing pressures and other similar considerations relating to Finisar and its industry. Representatives of Barclays then reported on the status of communications with Parties A, B, C, D, E, F and G and the respective feedback received therefrom. After discussion by the Finisar Board, the Finisar Board instructed representatives of Barclays to initiate contact with one other potential strategic acquirer (Party H, as defined below). Representatives of O Melveny summarized certain key issues in the draft merger agreement following discussions between representatives of O Melveny and representatives of K&L Gates on October 20, 2018, October 21, 2018 and October 22, 2018. Discussion by the Finisar Board ensued. Mr. Hurlston discussed the ongoing diligence efforts by Finisar and Barclays on II-VI and presented to the Finisar Board certain diligence findings to date on II-VI. Messrs. Stephens and Hurlston then discussed next steps with respect to completing due diligence, completing discussions with other potential parties and finalizing the merger agreement. Discussion by the Finisar Board ensued.

Also on October 23, 2018, representatives of K&L Gates, on behalf of II-VI, delivered revisions to the draft merger agreement to representatives of O Melveny, on behalf of Finisar.

On October 25, 2018, representatives of Barclays contacted the senior vice president, general counsel of a strategic party (Party H) to invite Party H to consider whether it would be interested in exploring a potential business combination with Finisar.

Also on October 25, 2018, representatives of O Melveny, on behalf of Finisar, delivered further revisions to the draft merger agreement to representatives of K&L Gates, on behalf of II-VI.

On October 26, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch and K&L Gates. At the meeting, members of II-VI management provided an update on various topics regarding the potential transaction, including the status of due diligence, additional details regarding the synergies analysis, and an overview of the material terms and issues in the draft merger agreement, and representatives of BofA Merrill Lynch provided an updated financial analysis of Finisar and an update of the proposed terms and details of the anticipated debt financing. The II-VI Board asked a number of questions about those topics and discussed at length the transaction issues and the anticipated negotiating strategy in light of the recent decline in the market price of both Finisar s and II-VI s common shares. Following those discussions, the II-VI Board authorized management of II-VI and BofA Merrill Lynch to communicate to Finisar a proposal consisting of $15.60 in cash and a fixed exchange rate of 0.2129 shares of II-VI Common Stock per share of Finisar Common Stock. Such proposal was structured to be consistent with the September 26 Proposal in terms of the cash consideration received by Finisar stockholders and with the fixed exchange rate set such that Finisar stockholders would own approximately 30% of the outstanding shares of II-VI Common Stock upon conclusion of the transaction.

Subsequently on October 26, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, contacted representatives of Barclays and indicated that, notwithstanding the substantial recent declines in the market prices of the shares of common stock of both Finisar and II-VI, II-VI was prepared to continue to move forward with a transaction where the consideration for Finisar Common Stock would be $15.60 in cash and a fixed exchange rate of 0.2129 shares of II-VI Common Stock per share of Finisar Common Stock (the October 26 Proposal). The October 26

Proposal implied a value of $23.46 per share of Finisar Common Stock based on II-VI s October 25 closing share price.

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Also on October 26, 2018, representatives of K&L Gates and O Melveny discussed regulatory considerations in connection with the potential transaction between Finisar and II-VI.

On October 28, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, called Mr. Stephens and requested that the Finisar Board respond to the October 26 Proposal.

Also on October 28, 2018, Dr. Mattera communicated to Mr. Stephens the desire to hold a conference call with Mr. Stephens, Dr. Mattera and Mr. Bashaw regarding the status of discussions and negotiations between Finisar and II-VI. This conference call did not occur due to scheduling conflicts.

On October 29, 2018, representatives of Barclays spoke with the head of strategic development of Party H regarding a potential business combination with Finisar. The head of strategic development of Party H stated that Party H was evaluating internally a potential business combination with Finisar.

On October 30, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays and O Melveny. Mr. Hurlston informed the Finisar Board that BofA Merrill Lynch, on behalf of II-VI, had submitted the October 26 Proposal, which provided that each share of Finisar Common Stock would receive $15.60 in cash and 0.2129 of a share of II-VI Common Stock, which represented $23.46 per share of Finisar Common Stock based on the share price of II-VI Common Stock at the time that the October 26 Proposal was communicated by representatives of BofA Merrill Lynch to representatives of Barclays. Representatives of Barclays reviewed with the Finisar Board the status of discussions with other potential acquirers of Finisar. Representatives of Barclays then reviewed its preliminary financial analysis of Finisar and the potential business combination with II-VI. Extensive discussion by the Finisar Board ensued. The Finisar Board also discussed the market dynamics in Finisar s industry, the changing customer landscape of Finisar and pricing pressures and other similar considerations relating to Finisar and its industry. The Finisar Board discussed possible responses to the October 26 Proposal, including, without limitation, proposing that the exchange ratio for the stock consideration would be based on an average share price for a to be determined number of trading days prior to the closing of the Merger, subject to an overall collar (the Exchange Ratio Proposal). The Finisar Board discussed that the collar to be proposed in the Exchange Ratio Proposal would provide that in no event would the exchange ratio for the stock consideration be (i) larger than the exchange ratio calculated based on the closing share price of II-VI Common Stock immediately prior to the execution of the Merger Agreement or (ii) smaller than the exchange ratio calculated based on a share price of II-VI Common Stock such that the Finisar securityholders receiving merger consideration would own approximately 30% of the outstanding shares of II-VI Common Stock on a pro forma basis after giving effect to the expected vesting of certain Finisar Restricted Stock Units prior to the expected effective time of the merger. Discussion by the Finisar Board ensued. After discussion, the Finisar Board instructed representatives of Barclays to prepare a formal response to II-VI containing the Exchange Ratio Proposal and to inform II-VI that Finisar would cease to further work on the contemplated transaction in the meantime.

On October 31, 2018, Mr. Hurlston spoke with Dr. Mattera about the response that the Finisar Board had instructed representatives of Barclays to convey to BofA Merrill Lynch. Thereafter on October 31, 2018, representatives of Barclays, on behalf of Finisar, delivered to representatives of BofA Merrill Lynch, on behalf of II-VI, a counterproposal to the October 26 Proposal, which included the Exchange Ratio Proposal and a list of key outstanding points in the draft merger agreement (the October 31 Response).

On November 1, 2018, the representatives of Party H informed the representatives of Barclays that Party H was not interested in pursuing discussions with Finisar regarding a strategic business combination.

On November 1, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch and K&L Gates. At the meeting, members of II-VI management and K&L Gates provided an overview of the October 31 Response and an update on various topics regarding the potential transaction, including the status of due diligence, additional details regarding the synergies analysis, the proposed terms and details of the anticipated debt financing, and an overview of the remaining material terms and issues in

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the draft merger agreement, and members of II-VI management and representatives of BofA Merrill Lynch provided a review of the Exchange Ratio Proposal. The II-VI Board asked a number of questions about those topics and then discussed those issues at length. Following those discussions, the II-VI Board approved accepting the Exchange Ratio Proposal and provided its views on certain issues in the draft merger agreement.

On November 1, 2018, II-VI reported QI fiscal 2019 results. Such results included a 20% year over year increase in Revenues, a 25% year over year increase in Operating Income and a 25% year over year increase in GAAP EPS. The II-VI closing share price on November 1 was $44.56, representing a 19.7% increase from the II-VI closing share price on October 31.

On November 2, 2018, representatives of BofA Merrill Lynch, on behalf of II-VI, relayed to Barclays the views of the II-VI Board as it related to the October 31 Response.

On November 2, 2018, representatives of Finisar, II-VI, O Melveny and K&L Gates held discussions regarding key points in the draft merger agreement.

On November 3, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays and O Melveny. Mr. Hurlston informed the Finisar Board that II-VI had accepted the Exchange Ratio Proposal and updated the Finisar Board on next steps and timing for signing the merger agreement. Discussion by the Finisar Board ensued. Representatives of Barclays then summarized the Exchange Ratio Proposal again for the Finisar Board and discussed the scenario where the collar set forth in the Exchange Ratio Proposal would be nullified if the closing share price of II-VI Common Stock immediately prior to the execution of the merger agreement exceeded the deemed share price of II-VI Common Stock such that the Finisar securityholders receiving merger consideration would own approximately 30% of the outstanding shares of II-VI Common Stock on a pro forma basis after giving effect to the expected vesting of certain Finisar Restricted Stock Units prior to the expected effective time of the merger (the Nullified Scenario), which would obviate the need for the Exchange Ratio Proposal. Representatives of Barclays discussed that if the Nullified Scenario occurred, the exchange ratio for the stock consideration would be determined using the last closing price of the II-VI Common Stock prior to signing the merger agreement. Discussion by the Finisar Board ensued. Mr. Brown and representatives of O Melveny reviewed with the Finisar Board the major open issues in the merger agreement and II-VI s positions relating thereto. Discussion by the Finisar Board ensued. After discussion, the Finisar Board instructed O Melveny to continue to negotiate the terms of the merger agreement with K&L Gates. The Finisar Board then reviewed a due diligence report prepared on II-VI from Mr. Young on operations of II-VI and a due diligence report from Mr. Adzema on certain accounting matters. Representatives of Barclays reviewed II-VI s recent earnings announcement and related equity analysts call. Mr. Adzema noted for the Finisar Board that BDO USA, LLP had been engaged to assist with due diligence on II-VI (which engagement did not include a contingent or success fee). Discussion by the Finisar Board ensued. Messrs. Stephens and Hurlston then discussed next steps with respect to completing due diligence, completing discussions with other potential acquirers and finalizing the merger agreement. Discussion by the Finisar Board ensued.

Also on November 3, 2018, representatives of Finisar, II-VI and certain of their respective advisors held due diligence discussions.

On November 4, 2018, representatives of O Melveny, on behalf of Finisar, sent the initial draft of the Company Disclosure Letter (as defined in the Merger Agreement) to representatives of K&L Gates, on behalf of II-VI.

On November 5 and 6, 2018, representatives of Finisar and O Melveny and representatives of II-VI and K&L Gates met in person to discuss and negotiate the terms of the merger agreement. The discussions included, among other things, the right of the II-VI Board to change its recommendation of the merger to the II-VI shareholders if there was

an intervening event such that the fiduciary duties of the II-VI Board obligated it to

make that change in recommendation, for which it could be required by Finisar to pay a termination fee, certain deal protection provisions, Finisar s obligations to cooperate with II-VI in connection with II-VI s debt financing, and regulatory matters.

Following the discussions on November 6, 2018, representatives of O Melveny, on behalf of Finisar, delivered further revisions to the draft merger agreement to representatives of K&L Gates, on behalf of II-VI.

On November 6, 2018, representatives of K&L Gates, on behalf of II-VI, distributed draft commitment papers for II-VI s financing of the proposed acquisition of Finisar to representatives of O Melveny, on behalf of Finisar.

Also on November 6, 2018, representatives of Finisar, II-VI and certain of their respective advisors held due diligence discussions.

Also on November 6, 2018, representatives of K&L Gates and O Melveny discussed regulatory considerations in connection with the contemplated transaction between Finisar and II-VI.

Separately on November 6, 2018, the II-VI Board held a special telephonic meeting. Also participating were representatives of BofA Merrill Lynch and K&L Gates. At the meeting, members of II-VI management and K&L Gates provided an update on various topics regarding the potential transaction, including the status of certain due diligence issues, additional details regarding the synergies analysis and an overview of certain key issues in the draft merger agreement, and representatives of BofA Merrill Lynch provided an update on the proposed terms and details of the anticipated debt financing. The II-VI Board asked a number of questions about those topics and then discussed those issues at length. Following those discussions, the II-VI Board recommended that management of II-VI continue to move forward to complete the negotiation of the terms of the merger.

On November 7, 2018, representatives of K&L Gates, on behalf of II-VI, delivered further revisions to the draft merger agreement to representatives of O Melveny, on behalf of Finisar.

Also on November 7, 2018, representatives of O Melveny, on behalf of Finisar, sent a revised draft of the Company Disclosure Letter to representatives of K&L Gates, on behalf of II-VI.

Also on November 7, 2018, representatives of O Melveny, on behalf of Finisar, delivered revisions to draft commitment papers to K&L Gates, on behalf of II-VI.

Later on November 7, 2018, representatives of K&L Gates, on behalf of II-VI, sent revisions to the Company Disclosure Letter to representatives of O Melveny, on behalf of Finisar.

On November 7, 2018, the Finisar Board held a telephonic special meeting. Also present were representatives of Barclays and O Melveny. Messrs. Hurlston and Adzema presented to the Finisar Board regarding the ongoing due diligence on II-VI, including, without limitation, relating to II-VI financial performance and outlook. Discussion by the Finisar Board ensued. Mr. Hurlston then provided the Finisar Board with an update on issues raised in discussions with II-VI s management. Representatives of O Melveny then provided a review of the major open issues in the Merger Agreement and II-VI s position relating thereto. Discussion by the Finisar Board ensued. After discussion, the Finisar Board instructed O Melveny to continue to negotiate the terms of the merger agreement with K&L Gates. Representatives of Barclays then discussed financial aspects of the Exchange Ratio Proposal and the Nullified Scenario. Discussion by the Finisar Board ensued. Representatives of O Melveny then discussed timing considerations and next steps for finalizing the merger agreement. Discussion by the Finisar Board ensued.

Throughout the day on November 8, 2018, representatives of each of O Melveny and K&L Gates exchanged revisions to, and held discussions regarding, the drafts of the merger agreement, the Company Disclosure Letter, the Parent Disclosure Letter (as defined in the Merger Agreement) and the commitment papers

on behalf of Finisar and II-VI, respectively, and discussed and agreed that the Nullified Scenario had occurred and that the exchange ratio for the stock consideration would be fixed in the Merger Agreement using the closing share price of II-VI Common Stock as of November 8, 2018. Representatives of Finisar and II-VI participated in certain of those discussions.

Later on November 8, 2018, the Finisar Board held a telephonic special meeting to consider the terms of the final proposed business combination with II-VI and the terms of the Merger Agreement. Also present were representatives of Barclays and O Melveny. Representatives of Barclays reviewed with the Finisar Board a history of discussions with II-VI, Parties A, B, C, D, E, F, G and H, including, without limitation, that representatives of Barclays had not received any communication from Party B in multiple weeks. Representatives of Barclays then presented to the Finisar Board their financial analyses of Finisar and the proposed business combination with II-VI. At the request of the Finisar Board, a representative of Barclays then delivered its oral opinion, which was subsequently confirmed in writing, to the effect that, based upon and subject to the assumptions and limitations described in the opinion, as of the date of the opinion, from a financial point of view, the merger consideration to be offered to the stockholders of Finisar, other than holders of Excluded Shares (as defined in the Merger Agreement) was fair, from a financial point of view, to such stockholders. Representatives of O Melveny again reviewed with the Finisar Board its fiduciary duties with respect to the potential sale of Finisar, the material terms of the draft merger agreement and the proposed amendment to Finisar s amended and restated bylaws to provide for Delaware as its exclusive forum for certain litigation involving Finisar. After discussion among the directors, the Finisar Board unanimously voted to, among other things (i) approve and declare advisable the Merger Agreement and the other transactions contemplated thereby, including the Merger, (ii) determine that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of Finisar and its stockholders and (iii) recommend that the holders of the Finisar Common Stock adopt the Merger Agreement, and instructed Finisar management to sign and deliver the Merger Agreement on behalf of Finisar.

Separately on the evening of November 8, 2018, the II-VI Board held a regular, in-person meeting. Also present and participating were representatives of BofA Merrill Lynch and K&L Gates. At the meeting, representatives of BofA Merrill Lynch provided an overview of the final materials terms of the proposed debt financing for the transaction. Representatives of II-VI management and K&L Gates reviewed with the II-VI Board the materials terms of the current draft of the Merger Agreement and the II-VI Board s fiduciary duties with respect to the Merger and related transactions. Representatives of II-VI management provided a summary review of the status and resolution of the various diligence concerns regarding Finisar. Representatives of BofA Merrill Lynch then provided a review of the valuation issues regarding Finisar and II-VI. They also provided the II-VI Board an updated summary of information regarding work that BofA Merrill Lynch has previously performed, and fees received, for both II-VI and Finisar. BofA Merrill Lynch then reviewed with II-VI s board of directors its financial analysis of the Merger Consideration and delivered to II-VI s board of directors an oral opinion, which was confirmed by delivery of a written opinion dated November 8, 2018, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the Merger Consideration to be paid by II-VI in the Merger, was fair, from a financial point of view, to II-VI. Following substantial discussion of those topics, the II-VI Board unanimously voted (i) to determine that the terms of the Merger Agreement and the Merger were fair to, and in the best interest of, II-VI and its shareholders, (ii) to approve and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger, (iii) recommend that the shareholders of II-VI approve the issuance of the shares of II-VI Common Stock called for pursuant to the Merger Agreement, (iv) to authorize management of II-VI to enter into the commitment letters for the debt financing, and (v) to authorize management of II-VI to take the various actions necessary to consummate the Merger, among other items.

Prior to the opening of the financial markets in the United States on November 9, 2018, II-VI and Finisar entered into the Merger Agreement and issued a joint press release announcing the proposed Merger and the timing of a joint

conference call for the investment community to discuss the proposed Merger.

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Certain Relationships between Finisar and II-VI

Finisar, II-VI and their respective affiliates engage in transactions and enter into agreements with each other in the ordinary course of business, including certain agreements pursuant to which (i) II-VI supplies Finisar with various micro-optics, including filters, lenses and mirrors, (ii) II-VI, through its EpiWorks subsidiary, supplies Finisar with epitaxial wafers, and (iii) Finisar supplies II-VI with Datacom network products. Except as described in this joint proxy statement/prospectus, there are and have been no past, present or proposed material contracts, arrangements, understandings, relationships, negotiations or transactions during the current calendar year or the five immediately preceding calendar years, between Finisar or its affiliates, on the one hand, and II-VI or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, a tender offer for or other acquisition of securities, the election of directors, or the sale or other transfer of a material amount of assets.

Finisar s Reasons for the Merger; Recommendations of the Finisar Board

In reaching its decision to approve and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger, to determine that the terms of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to and in the best interests of Finisar and its stockholders, and to recommend that Finisar s stockholders vote **FOR** the approval of the Merger Proposal, the Finisar Board consulted with Finisar s management and legal and financial advisors and considered a variety of factors, including the following (which are not necessarily in order of relative importance):

- historical information regarding (i) Finisar s business, financial performance and results of operations, (ii) market prices, volatility and trading activity with respect to Finisar Common Stock, and (iii) market prices with respect to other industry participants and general market indices;

- current information regarding (i) Finisar s business, prospects, financial condition, operations, technology, products, services, management, competitive position and strategic business goals and objectives, (ii) general economic, industry and financial market conditions, and (iii) opportunities and competitive factors within Finisar s industry, and the challenges of projecting Finisar s financial performance in the long term, including fiscal year 2021 and beyond;

- historical information regarding II-VI s business and financial performance and market prices of II-VI Common Stock;

- the prospects and likelihood of realizing superior benefits through remaining an independent company, risks associated with remaining an independent company, and possible alternative business strategies;

- the belief of the Finisar Board that continuing attempts to engage with other possible strategic partners was unlikely to result in a transaction at a more attractive price than offered by II-VI in the Merger, as well as the potential for other third parties to enter into strategic relationships with or to seek to acquire Finisar, including a review of management s dealings with other possible buyers in the past, efforts by representatives of Finisar s financial advisor, at the direction of Finisar, to engage other potential acquirers of Finisar

regarding a strategic transaction, and the likelihood that a third party would offer a higher price than the price per share offered by II-VI and the likelihood that any stock consideration offered by another bidder would be as attractive as the stock consideration being offered by II-VI;

the timing of the Merger and the risk that if Finisar does not accept the II-VI offer now (as provided for in the Merger Agreement), it may not have another opportunity to do so or a comparable opportunity;

the fact that both the Stock Election Consideration and the Cash Election Consideration will be taxable;

the fact that Finisar would be permitted, under circumstances described in the Merger Agreement, to terminate the Merger Agreement in order to enter into an agreement with respect to a superior proposal to acquire Finisar after giving II-VI the opportunity to match the superior proposal and upon payment of a termination fee equal to 3.25% of the equity value of Finisar (based on the purchase price agreed to in the Merger Agreement);

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the fact that, under the terms of the Merger Agreement, II-VI has agreed to use its reasonable best efforts to take, or cause to be taken, all things necessary, proper or advisable under applicable law (including making filings pursuant to applicable antitrust laws) to consummate the Merger Agreement and the transactions contemplated thereby as promptly as practicable, including obtaining necessary regulatory approvals in China;

the belief of the Finisar Board that an acquisition by II-VI has a reasonable likelihood of closing without material potential issues under applicable antitrust laws or material potential issues from any governmental authorities;

(i) the financial analyses presented by representatives of Finisar s financial advisor to the Finisar Board based on projections provided by Finisar s management and (ii) the opinion of the financial advisor that, as of the date thereof, from a financial point of view, the Merger Consideration to be offered to the stockholders of Finisar (other than the holders of Excluded Shares (as defined in the Merger Agreement)) in the Merger is fair to such stockholders;

the fact that Finisar will no longer exist as an independent public company and Finisar s stockholders will forgo any future increase in its value as an independent public company that might result from its possible growth (together with the possibility of near and long-term fluctuations in the value of II-VI Common Stock to be issued in the Merger);

the possible negative effect of the Merger and public announcement of the Merger on Finisar s financial performance, operating results and stock price and Finisar s relationships with customers, suppliers, other business partners, management and employees;

the possible negative effect of the Merger and public announcement of the Merger on II-VI s financial performance, operating results and stock price and II-VI s relationships with customers, suppliers, other business partners, management and employees;

the fact that the Merger Agreement (i) precludes Finisar from actively soliciting competing acquisition proposals and (ii) obligates Finisar (or its successor) to pay II-VI a termination fee equal to 3.25% of the equity value of Finisar (based on the purchase price agreed to in the Merger Agreement) under specified circumstances;

the fact that the Merger Agreement obligates II-VI to pay Finisar a termination fee equal to 3.25% of the equity value of Finisar (based on the purchase price agreed to in the Merger Agreement) under specified circumstances;

the fact that the Merger Agreement imposes restrictions on the conduct of Finisar s business in the pre-closing period, which may adversely affect Finisar s business in the event the Merger is not completed

(including by delaying or preventing Finisar from pursuing strategic business opportunities that may arise or precluding actions that would be advisable if Finisar were to remain an independent company), and which may significantly restrict the operation of Finisar s business;

the fact that (i) II-VI is financing the cash portion of the aggregate Merger Consideration in part through debt financing and, concurrently with the execution of the Merger Agreement, delivered the Commitment Letter, and (ii) II-VI has agreed to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary to arrange, obtain and consummate the debt financing;

the risks involved with the Merger and the likelihood that Finisar and II-VI will be able to complete the Merger, the possibility that the Merger might not be consummated and Finisar s prospects going forward without the combination with II-VI;

the substantial transaction expenses to be incurred in connection with the Merger and the negative impact of such expenses on Finisar s cash reserves and operating results should the Merger not be completed;

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all known interests of directors and executive officers of Finisar in the Merger that may be different from, or in addition to, their interests as stockholders of Finisar or the interests of Finisar s other stockholders generally;

the limited availability of appraisal rights to stockholders of Finisar in connection with the Merger; and

all other factors the Finisar Board deemed relevant.

The above discussion of the material factors considered by Finisar s Board in its consideration of the Merger and the other transactions contemplated by the Merger Agreement is not intended to be exhaustive, but does set forth the principal factors considered by the Finisar Board. The Finisar Board viewed its decision as based on all of the information available to it and the factors presented to and considered by it, including its experience and history. In addition, individual directors may themselves have given different weight to different factors. The factors, potential risks and uncertainties contained in this explanation of Finisar s reasons for the Merger and other information presented in this section contain information that is forward-looking in nature and, therefore, should be read in light of the factors discussed in Cautionary Statement Regarding Forward-Looking Statements beginning on page 62 of this joint proxy statement/prospectus.

ACCORDINGLY, THE FINISAR BOARD UNANIMOUSLY RECOMMENDS THAT FINISAR STOCKHOLDERS VOTE FOR THE MERGER PROPOSAL, FOR THE FINISAR ADJOURNMENT PROPOSAL, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO APPROVE THE MERGER PROPOSAL, AND FOR THE COMPENSATION PROPOSAL.

II-VI s Reasons for the Merger; Recommendations of the II-VI Board

In evaluating the Merger Agreement and the Merger, the II-VI Board consulted with II-VI s management and legal and financial advisors and, in reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement, including the stock issuance, and to recommend that II-VI s shareholders vote **FOR** the approval of the Stock Issuance Proposal, the II-VI Board considered a variety of factors, including the following (which are not necessarily in order of relative importance):

Strategic Factors

The acquisition of Finisar and the combination of Finisar s businesses with II-VI s businesses is expected to result in a number of strategic benefits, including:

creating one of the largest and scalable photonics and compound semiconductor companies, which should accelerate revenue growth;

providing the company with a robust monolithic tunable InP platform that is used in many optical communications components, including datacom transceivers, products based on coherent transmissions technology and ROADM solutions, which products will be marketable into next-generation long-haul and metro networks, hyperscale datacenters, and 5G mobile infrastructure;

creating a compelling platform for 3D sensing and LiDAR products because the combined optoelectronics technology leadership based on GaAs and InP compound semiconductor laser design platforms, together with one of the world s largest 6-inch vertically integrated epitaxial growth and device fabrication platforms, should enable faster time to market with new products to address a greater number of opportunities in the growing consumer 3D sensing and automotive LiDAR markets;

providing access to larger addressable markets because of the broad portfolio of differentiated products based on engineered materials, including GaAs, InP, SiC, GaN, and diamond, together with a critical mass of optoelectronic, optical and integrated circuit device design expertise, and related intellectual property, which are becoming increasingly important with respect to RF devices for next-generation

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wireless and military applications, power electronics for electric and autonomous vehicles and green energy infrastructure, and other next-generation sensor modules that will be incorporated into the internet of things;

maximizing value creation through increased vertical integration of core technologies ranging from engineered materials to high value-add solutions, enabled by differentiated components, which should provide a strong foundation to capitalize on a broad range of emerging opportunities while making the overall markets for these products even more competitive;

optimizing time to market, volume, and cost because the combined scale and expertise should enhance speed and certainty of success across large and irreversible mega-trend market opportunities;

increasing diversification by combining a large, scaled communications business and a diversified industrial laser and component maker to create leadership across multiple end-markets, including Datacom/telecom, lasers, 3D sensing, power electronics, and EUV lithography;

becoming a leader in the market for both high-power and low-power VCSELs by combining complementary expertise and capabilities in order to fill needed capacity and competitive roadmaps in the markets for those products;

creating a much more substantial financial and operational base to support more significant acquisitions in a rapidly developing product and technology market;

providing annual estimated synergies of approximately $150 million within 36 months of the completion of the Merger, and the potential for long-term opportunities for additional savings, due to expected procurement savings, the savings associated with the internal supply of materials and components, efficient research and development, consolidation of overlapping costs, and sales and marketing efficiencies; and

providing approximately 10% accretion in Non-GAAP earnings per share in the first full year following closing, and more than double that level of accretion thereafter.

Other Factors

In addition to the strategic factors summarized above, the II-VI Board also considered the following factors in connection with its evaluation of the Merger:

the respective businesses, operations, management, financial condition, earnings, market reputation, competitive pressures, regulatory constraints and prospects of II-VI and Finisar;

the results of II-VI s due diligence investigation of Finisar and the reputation, business practices and experience of Finisar and its management;

the historical trading prices of shares of II-VI Common Stock and Finisar Common Stock;

the review by the II-VI Board, in consultation with its legal, financial and other advisors, of the structure of the Merger and the financial and other terms of the Merger Agreement;

trends and competitive developments in the industries in which II-VI and Finisar operate;

the fact that the issuance of II-VI Common Stock as Merger Consideration will be subject to the approval of II-VI s shareholders;

the range of other strategic alternatives available to II-VI and the II-VI Board s belief that the transaction with Finisar presented a more favorable opportunity for II-VI s shareholders than the potential value that may result from other strategic alternatives available to II-VI;

the fact that the II-VI Board had carefully considered, after consulting with II-VI s management and financial, legal and other advisors, the potential consequences for II-VI if Finisar were to pursue certain strategic alternatives to the proposed transaction with II-VI, and the II-VI Board s belief that II-VI s strategic alternatives may be more limited and less favorable in such circumstances;

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Price and Structure

the fact that, because the exchange ratios for the shares of II-VI Common Stock that will be issued in the Merger as part of the Stock Election Consideration and the Mixed Election Consideration are fixed (and will not be adjusted for fluctuations in the market price of shares of II-VI Common Stock or Finisar Common Stock), II-VI has greater certainty as to the number of shares of II-VI Common Stock to be issued in the Merger;

taking into account the report the II-VI Board had received regarding past fees received by BofA Merrill Lynch for services provided to II-VI and Finisar, and the fees payable to BofA Merrill Lynch in connection with the transactions contemplated by the Merger Agreement and the related financing transactions, the financial analysis of BofA Merrill Lynch and the opinion of BofA Merrill Lynch, dated November 8, 2018, to the II-VI Board as to the fairness, from a financial point of view and as of the date of the opinion, to II-VI of the Merger Consideration to be paid by II-VI in the Merger, as more fully described below in the section entitled The Merger Opinion of II-VI s Financial Advisor beginning on page 112 of this joint proxy statement/prospectus;

Certain Other Factors

the belief of the II-VI Board, following consultation with II-VI management, and based in part upon the debt financing commitments that II-VI obtained, that II-VI will have the necessary financing to pay the aggregate cash portion of the Merger Consideration and that II-VI, following the Merger, will be able to repay, service or refinance any indebtedness that is expected to form the financing for the Merger and, with respect to such indebtedness, to comply with applicable financial covenants;

the belief of the II-VI Board, following consultation with II-VI s management, that the financing commitments it had obtained to finance the aggregate cash portion of the aggregate Merger Consideration were on attractive terms for II-VI;

the belief of the II-VI Board that II-VI would have an investment grade credit rating after incurring the indebtedness necessary to finance the cash portion of the aggregate Merger Consideration;

the experience of II-VI s management in integrating acquired companies;

the expectation that members of Finisar s management team will play significant roles in the combined company;

the fact that Dr. Vincent D. Mattera, Jr., II-VI s President and Chief Executive Officer, will continue to lead the combined company;

the ability of the II-VI Board, subject to certain conditions, to change its recommendation that II-VI shareholders adopt the Stock Issuance Proposal in response to certain intervening events, if the II-VI Board determines that failure to take such action would be reasonably likely to constitute a breach of its fiduciary duties;

the limited ability of the Finisar Board to change its recommendation that Finisar stockholders approve and adopt the Merger Agreement;

the fact that Finisar is required to pay II-VI a termination fee of $105.2 million if the Merger Agreement is terminated under certain circumstances; and

the fact that the end date under the Merger Agreement of November 8, 2019 allows for sufficient time to complete the Merger.

The II-VI Board also considered a number of uncertainties and risks in its deliberations concerning the Merger, including the following:

the fact that the exchange ratios will not change as a result of fluctuations in the market value of II-VI Common Stock, which could result in II-VI delivering greater value to Finisar stockholders should the

value of the shares of II-VI Common Stock increase between the execution of the Merger Agreement and the Effective Time;

the fact that the opinion of BofA Merrill Lynch to the II-VI Board as to the fairness, from a financial point of view, of the Merger Consideration to be paid by II-VI in the Merger speaks only as of the date of the opinion and will not take into account events occurring or information that has become available after such date, including any changes in the operations and prospects of II-VI and Finisar, general market and economic conditions and other factors which may be beyond the control of II-VI and Finisar and on which the fairness opinion was based, any of which may be material;

the risk that the Merger may not be completed or may be delayed despite the parties efforts, including the possibility that conditions to the parties obligations to complete the Merger may not be satisfied, and the potential resulting disruptions to II-VI s and Finisar s businesses;

the potential length of the regulatory approval process and the period of time during which II-VI may be subject to certain restrictions on the conduct of its businesses, which could prevent II-VI from making certain acquisitions or divestitures or otherwise pursuing certain business opportunities;

the possibility that governmental authorities might seek to require certain actions of II-VI or Finisar or impose certain terms, conditions or limitations on II-VI or Finisar s businesses in connection with granting approval of the Merger or might otherwise seek to prevent or delay the Merger;

the fact that II-VI is required to pay Finisar a termination fee of $105.2 million if the Merger Agreement is terminated under certain circumstances;

the fact that II-VI has incurred and will continue to incur significant transaction and integration planning fees and expenses in connection with the Merger, regardless of whether it is completed;

the challenges inherent in the combination of two businesses of the size, scope and complexity of II-VI and Finisar, including the potential for unforeseen difficulties in integrating operations and systems and difficulties and costs of integrating or retaining employees;

the risk that the potential benefits of the Merger may not be fully realized, including the possibility that expected synergies, cost savings and operating efficiencies expected to result from the Merger may not be realized to the extent expected, or at all;

the risk of diverting II-VI management focus and resources from other strategic opportunities and operational matters, and potential disruption of II-VI management associated with the Merger and integrating the companies;

Finisar s ability, under circumstances described in the Merger Agreement, to provide information to and engage in discussions or negotiations with a third party that makes an unsolicited bona fide written takeover proposal;

the ability of the Finisar Board, subject to certain conditions, to change its recommendation supporting the Merger in response to a superior proposal or an intervening event other than a superior proposal, if the Finisar Board determines that failure to take such action would be reasonably likely to constitute a breach of its fiduciary duties;

the ability of the Finisar Board, subject to certain conditions, to terminate the Merger Agreement in order to enter into a definitive agreement providing for a superior proposal;

the absence of a financing condition in the Merger Agreement and Finisar s ability to seek specific enforcement of II-VI s obligations under the Merger Agreement whether or not II-VI is able to maintain its committed financing for the acquisition;

the fact that II-VI will have higher leverage following the transactions due to the debt financing commitments that II-VI has obtained, which could have adverse consequences to II-VI s business and financial position or its ability to pursue acquisition opportunities following the Merger;

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- the potential negative effects of the announcement and pendency of the Merger on II-VI s and Finisar s businesses, including stockholder and market reactions and relationships with employees, customers, vendors, regulators and the communities in which they operate, including the risk that certain key members of senior management of II-VI or Finisar might not choose to remain with the combined company;

- the dilution of existing shares of II-VI Common Stock associated with the stock issuance;

- the risk that the II-VI shareholders do not approve the Stock Issuance Proposal or the Finisar stockholders do not approve the Merger Proposal, each of which is a condition to completion of the Merger;

- the risk of litigation related to the transaction; and

- various other risks associated with the Merger and the businesses of II-VI, Finisar and the combined company described under Risk Factors, beginning on page 48 and the matters described under Cautionary Statement Regarding Forward-Looking Statements beginning on page 62 of this joint proxy statement/prospectus.

During its consideration of the Merger, the II-VI Board was also aware that certain of Finisar s directors and executive officers may have interests in the Merger that are different from or in addition to those of Finisar stockholders generally, as described in the section entitled Interests of Finisar s Directors and Executive Officers in the Merger beginning on page 166 of this joint proxy statement/prospectus.

The above discussion of the material factors considered by the II-VI Board in its consideration of the Merger and the other transactions contemplated by the Merger Agreement is not intended to be exhaustive, but does set forth the principal factors considered by the II-VI Board. In light of the number and wide variety of factors considered in connection with the evaluation of the Merger, the II-VI Board did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its final decision. The II-VI Board viewed its position as being based on all of the information available to it and the factors presented to and considered by it. However, some directors may themselves have given different weight to different factors. The factors, potential risks and uncertainties contained in this explanation of II-VI s reasons for the Merger and other information presented in this section contain information that is forward-looking in nature and, therefore, should be read in light of the factors discussed in Cautionary Statement Regarding Forward-Looking Statements beginning on page 62 of this joint proxy statement/prospectus.

ACCORDINGLY, THE II-VI BOARD UNANIMOUSLY RECOMMENDS THAT II-VI SHAREHOLDERS VOTE FOR THE SHARE ISSUANCE PROPOSAL AND FOR THE II-VI ADJOURNMENT PROPOSAL, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO APPROVE THE SHARE ISSUANCE.

Opinion of Finisar s Financial Advisor

Finisar engaged Barclays for the purpose of providing financial advisory services with respect to a potential sale of Finisar, pursuant to an engagement letter dated October 12, 2018. On November 8, 2018, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to the Finisar Board that, as of such date and based upon and

subject to the qualifications, limitations and assumptions stated in its opinion, the Merger Consideration to be offered to the stockholders of Finisar, other than holders of Excluded Shares (as defined in the Merger Agreement), was fair, from a financial point of view, to such stockholders.

The full text of Barclays written opinion, dated as of November 8, 2018, is attached as Annex C to this joint proxy statement/prospectus. Barclays written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by

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Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The following is a summary of Barclays opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.

Barclays opinion, the issuance of which was approved by Barclays Valuation and Fairness Opinion Committee, is addressed to the Finisar Board, addresses only the fairness, from a financial point of view, of the Merger Consideration to be offered to the stockholders of Finisar, other than holders of Excluded Shares (as defined in the Merger Agreement), in the proposed transaction and does not constitute a recommendation to any stockholder of Finisar as to how such stockholder should vote or act with respect to the proposed transaction or any other matter. The terms of the proposed transaction were determined through arm s-length negotiations between Finisar and II-VI and were unanimously approved by the Finisar Board. Barclays did not recommend any specific form of consideration to Finisar or that any specific form of consideration constituted the only appropriate consideration for the proposed transaction. Barclays was not requested to opine as to, and its opinion does not in any manner address, Finisar s underlying business decision to proceed with or effect the proposed transaction or the likelihood of the consummation of the proposed transaction. In addition, Barclays expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the proposed transaction, or any class of such persons, relative to the Merger Consideration to be offered to the stockholders of Finisar in the proposed transaction. Barclays opinion does not address the relative merits of the proposed transaction as compared to any other transaction or business strategy in which Finisar may engage. No limitations were imposed by the Finisar Board upon Barclays with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, Barclays, among other things:

- reviewed and analyzed the Merger Agreement and the specific terms of the proposed transaction;
- reviewed and analyzed publicly available information concerning Finisar that Barclays believed to be relevant to its analysis, including Finisar s Annual Report on Form 10-K for the fiscal year ended April 29, 2018 and its Quarterly Report on Form 10-Q for the fiscal quarter ended July 29, 2018;
- reviewed and analyzed publicly available information concerning II-VI that Barclays believed to be relevant to its analysis, including II-VI s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 and its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2018;
- reviewed and analyzed financial and operating information with respect to the business, operations and prospects of Finisar furnished to Barclays by Finisar, including financial projections of Finisar prepared by Finisar s management (the Finisar Projections);
- reviewed and analyzed the Barclays Fairness Opinion II-VI projections (as defined below);

reviewed and analyzed published estimates of independent research analysts with respect to the future financial performance of Finisar and II-VI;

reviewed and analyzed a trading history of the shares of Finisar Common Stock from November 8, 2013 through November 8, 2018;

reviewed and analyzed a trading history of the shares of II-VI Common Stock from November 8, 2013 through November 8, 2018;

reviewed and analyzed a comparison of the historical financial results and present financial condition of Finisar and II-VI with those of other companies that Barclays deemed relevant;

reviewed and analyzed the pro forma impact of the proposed transaction on the future financial performance of the combined company, including cost savings, operating synergies, and other strategic benefits, expected by the management of the Finisar to result from a combination of the businesses (the Expected Synergies);

reviewed and analyzed a comparison of the financial terms of the proposed transaction with the financial terms of certain other transactions that Barclays deemed relevant;

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had discussions with the management of Finisar and the management of II-VI concerning II-VI s business, operations, assets, liabilities, financial condition and prospects;

had discussions with the management of Finisar concerning Finisar s business, operations, assets, liabilities, financial condition and prospects; and

has undertaken such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and had not assumed responsibility or liability for any independent verification of such information). Barclays also relied upon the assurances of management of Finisar and the management of II-VI that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Finisar Projections, upon advice of Finisar, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Finisar as to Finisar s future financial performance. With respect to the Barclays Fairness Opinion II-VI projections, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of II-VI as to the future financial performance of II-VI. Furthermore, upon the advice of Finisar, Barclays assumed that the amounts and timing of the Expected Synergies were reasonable and that the Expected Synergies would be realized in accordance with such estimates. In arriving at its opinion, Barclays assumed no responsibility for and expressed no view as to any such projections or estimates or the assumptions on which they were based. In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of Finisar or II-VI and did not make or obtain any evaluations or appraisals of the assets or liabilities of Finisar or II-VI. Barclays opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, November 8, 2018. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may have occurred after November 8, 2018. Barclays expressed no opinion as to the prices at which shares of Finisar Common Stock or shares of II-VI Common Stock would trade following the announcement of the proposed transaction or as to the prices at which shares of II-VI Common Stock would trade following the consummation of the proposed transaction. Barclays opinion should not be viewed as providing any assurance that the market value of the shares of II-VI Common Stock to be held by the stockholders of Finisar after the consummation of the proposed transaction will be in excess of the market value of the shares of Finisar Common Stock owned by such stockholders at any time prior to the announcement or consummation of the proposed transaction.

Barclays assumed the accuracy of the representations and warranties contained in the Merger Agreement and all the agreements related thereto. Barclays also assumed, upon the advice of Finisar, that all material governmental, regulatory and third party approvals, consents and releases for the proposed transaction would be obtained within the constraints contemplated by the Merger Agreement and that the proposed transaction will be consummated in accordance with the terms of the Merger Agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Barclays did not express any opinion as to any tax or other consequences that might result from the proposed transaction, nor did Barclays opinion address any legal, tax, regulatory or accounting matters, as to which Barclays understood Finisar had obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the shares of Finisar Common Stock but rather made its determination as to fairness, from a financial point of view, to Finisar s stockholders (other than holders of Excluded Shares (as defined in the Merger Agreement)) of the Merger Consideration to be offered to such stockholders in the proposed transaction on the basis of various financial and

comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

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In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

Summary of Material Financial Analyses

The following is a summary of the material financial analyses used by Barclays in preparing its opinion to the Finisar Board. The summary of Barclays analyses and reviews provided below is not a complete description of the analyses and reviews underlying Barclays opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of analysis and review and the application of those methods to particular circumstances, and, therefore, is not readily susceptible to summary description.

For the purposes of its analyses and reviews, Barclays made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Finisar or any other parties to the proposed transaction. No company, business or transaction considered in Barclays analyses and reviews is identical to Finisar, II-VI, Merger Sub or the proposed transaction, and an evaluation of the results of those analyses and reviews is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions considered in Barclays analyses and reviews. None of Finisar, II-VI, Merger Sub, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of companies, businesses or securities do not purport to be appraisals or reflect the prices at which the companies, businesses or securities may actually be sold. Accordingly, the estimates used in, and the results derived from, Barclays analyses and reviews are inherently subject to substantial uncertainty.

The summary of the financial analyses and reviews summarized below include information presented in tabular format. In order to fully understand the financial analyses and reviews used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses and reviews. Considering the data in the tables below without considering the full description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, could create a misleading or incomplete view of Barclays analyses and reviews.

Selected Comparable Company Analysis for Finisar

In order to assess how the public market values shares of similar publicly traded companies and to provide a range of relative implied equity values per share of Finisar by reference to those companies, Barclays reviewed and compared specific financial and operating data relating to Finisar with selected companies that Barclays, based on its experience in the optical components industry, deemed comparable to Finisar. The selected comparable companies with respect to Finisar were:

Acacia Communications, Inc.

Applied Optoelectronics, Inc.

Lumentum Holdings, Inc.

NeoPhotonics Corporation

II-VI Incorporated

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Barclays calculated and compared various financial multiples and ratios of Finisar and the selected comparable companies. As part of its selected comparable company analysis, Barclays calculated and analyzed each company s enterprise value, or EV, as a multiple of (i) its calendar year 2018 and 2019 estimated revenue, (ii) its calendar year 2018 and 2019 estimated earnings before interest, taxes, depreciation, amortization and stock-based compensation, or EBITDAS, which, for Acacia Communications, Inc. and NeoPhotonics Corporation, was not meaningful for calendar year 2018 due to a negative EBITDAS value or because the multiple was greater than 25.0x, and (iii) its calendar year 2018 and 2019 estimated operating income, which, for Acacia Communications, Inc. (for calendar years 2018 and 2019), Applied Optoelectronics, Inc. (for calendar year 2018) and NeoPhotonics Corporation (for calendar years 2018 and 2019), was not meaningful because the multiple was greater than 25.0x. Barclays also calculated and analyzed each company s ratio of its current stock price to its estimated calendar year 2018 and 2019 non-GAAP earnings per share, or EPS (commonly referred to as a price earnings ratio, or P/E), which, for Acacia Communications, Inc. (for calendar year 2018) and NeoPhotonics Corporation (for calendar years 2018 and 2019), was not meaningful because the multiple yielded was greater than 45.0x. The EV of each company was obtained by adding the principal amount of its short and long-term debt to the sum of the market value of its diluted equity value, using the treasury stock method, the value of any preferred stock (at liquidation value), the value of any pension liabilities, the value of capital leases and the book value of any minority interest, and subtracting its cash and cash equivalents. All of these calculations for the comparable companies (other than for II-VI) were performed, and based, on publicly available financial data and closing prices, as of November 8, 2018, the last trading date prior to the delivery of Barclays opinion. All of these calculations for Finisar were performed, and based on, the Finisar Projections. All of the calculations for II-VI were performed, and based, on the Barclays Fairness Opinion II-VI projections.

Barclays selected the comparable companies listed above because of similarities in one or more business or operating characteristics with Finisar. However, because no selected comparable company is exactly the same as Finisar, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Finisar and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between Finisar and the companies included in the selected company analysis. Based upon these judgments, Barclays selected a range of multiples for Finisar and applied such range to the Finisar Projections to calculate a range of implied prices per share of Finisar. The following table summarizes the result of these calculations:

				Selected Multiple Range		Implied Value per Share of Finisar	
	Low	**Median**	**High**				
EV/CY 2018E Revenue	1.35x	2.54x	4.93x	1.50x	2.00x	$ 18.19	$23.38
EV/CY 2019E Revenue	1.22x	2.22x	3.85x	1.30x	1.80x	$ 18.78	$24.99
EV/CY 2018E Operating Income	12.6x	15.3x	18.1x	15.5x	18.0x	$ 12.05	$13.57
EV/CY 2019E Operating Income	10.2x	11.9x	16.1x	12.5x	14.5x	$ 23.28	$26.56
EV/CY 2018E EBITDAS	9.8x	12.7x	13.7x	10.0x	12.0x	$ 16.90	$19.75
EV/CY 2019E EBITDAS	8.2x	9.0x	22.6x	9.0x	12.0x	$ 25.87	$33.37
P/CY 2018E Non-GAAP EPS	13.3x	20.8x	21.0x	16.0x	22.0x	$ 11.18	$15.38
P/CY 2019E Non-GAAP EPS	11.5x	16.3x	32.8x	14.0x	18.0x	$ 24.00	$30.86

For purposes of its opinion, Barclays calculated the implied value, as of November 8, 2018, of the Merger Consideration to be $26.00 per Finisar share, which was determined by adding the cash portion of the Merger Consideration of $15.60 per Finisar share to $10.40, the implied value of the stock portion of the Merger Consideration per Finisar share that was derived by multiplying the closing price of $46.88 per share of II-VI Common Stock on November 8, 2018, the last trading day prior to the announcement of the proposed transaction, by the exchange ratio of 0.2218 of a share of II-VI Common Stock per Finisar share.

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Barclays noted that on the basis of the selected comparable company analysis with respect to Finisar, the implied value of the Merger Consideration of $26.00 per share was (i) above the range of implied values per share of Finisar Common Stock calculated using calendar year 2018 estimated revenue, calendar year 2019 estimated revenue, calendar year 2018 estimated operating income, calendar year 2018 estimated EBITDAS and calendar year 2018 estimated non-GAAP EPS and (ii) within the range of implied values per share of Finisar Common Stock calculated using calendar year 2019 estimated operating income, calendar year 2019 estimated EBITDAS and calendar year 2019 estimated non-GAAP EPS.

Selected Comparable Company Analysis for II-VI

In order to assess how the public market values shares of similar publicly traded companies and to provide a range of relative implied equity values per share of II-VI by reference to those companies, Barclays reviewed and compared specific financial and operating data relating to II-VI with selected companies that Barclays, based on its experience in the optical components industry and Industrial Lasers industry, deemed comparable to II-VI. The selected comparable companies with respect to II-VI were:

Finisar Corporation

Acacia Communications, Inc.

Lumentum Holdings, Inc.

Coherent, Inc.

IPG Photonics Corporation

MKS Instruments, Inc.

JENOPTIK AG

Barclays calculated and compared various financial multiples and ratios of II-VI and the selected comparable companies. As part of its selected comparable company analysis, Barclays calculated and analyzed each company s EV (calculated as described above) as a multiple of (i) its calendar year 2018 and 2019 estimated revenue and (ii) its calendar year 2018 and 2019 estimated EBITDAS, which, for Acacia Communications, Inc., was not meaningful for calendar year 2018 due to a negative EBITDAS value or because the multiple was greater than 25.0x. Barclays also calculated and analyzed each company s ratio of its current stock price to its calendar year 2018 and 2019 estimated non-GAAP EPS, which, for Acacia Communications, Inc., was not meaningful for calendar year 2018 because the multiple yielded was greater than 45.0x. All of these calculations for the comparable companies (other than for Finisar) were performed, and based, on publicly available financial data and closing prices, as of November 8, 2018, the last trading date prior to the delivery of Barclays opinion. All of these calculations for Finisar were performed, and based on, the Finisar Projections. All of the calculations for II-VI were performed, and based, on the Barclays Fairness Opinion II-VI projections.

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Barclays selected the comparable companies listed above because of similarities in one or more business or operating characteristics with II-VI. However, because no selected comparable company is exactly the same as II-VI, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of II-VI and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between II-VI and the companies included in the selected company analysis. Based upon these judgments, Barclays selected a range of multiples for II-VI and applied such range to the Barclays Fairness Opinion II-VI projections to calculate a range of implied prices per share of II-VI. The following table summarizes the result of these calculations:

	Low	Median	High	Selected Multiple Range		Implied Value per Share of II-VI	
EV/CY 2018E Revenue	1.57x	1.96x	4.93x	2.00x	2.50x	$ 34.41	$43.75
EV/CY 2019E Revenue	1.31x	2.00x	4.52x	1.90x	2.40x	$ 39.67	$50.49
EV/CY 2018E EBITDAS	6.6x	10.2x	12.4x	10.0x	12.0x	$ 36.29	$44.14
EV/CY 2019E EBITDAS	6.3x	8.2x	22.6x	9.0x	12.0x	$ 47.84	$63.08
P/CY 2018E Non-GAAP EPS	9.7x	15.7x	27.0x	16.0x	22.0x	$ 36.11	$49.65
P/CY 2019E Non-GAAP EPS	9.6x	11.8x	32.8x	14.0x	18.0x	$ 45.52	$58.53

Barclays noted that on the basis of the selected comparable company analysis with respect to II-VI, the closing price of $46.88 per share of II-VI Common Stock, as of November 8, 2018, was (i) above the range of implied values per share of II-VI Common Stock calculated using calendar year 2018 estimated revenue and calendar year 2018 estimated EBITDAS, (ii) within the range of implied values per share of II-VI Common Stock calculated using calendar year 2019 estimated revenue, calendar year 2018 estimated non-GAAP EPS and calendar year 2019 estimated non-GAAP EPS and (iii) below the range of implied values per share of II-VI Common Stock calculated using calendar year 2019 estimated EBITDAS. Shortly prior to the execution of the Merger Agreement by II-VI and Finisar, II-VI management prepared updated projections for its fiscal year 2019, which provided for $1,378.2 million of revenue, $314 million of adjusted EBITDA and $2.63 for adjusted EPS, none of which were provided to Finisar or Barclays prior to the execution of the Merger Agreement. Based on the II-VI projections (as defined below), as such projections would be adjusted in the same manner that II-VI adjusted the projections it made available to Finisar and Barclays on or prior to October 23, 2018 for FY19, which was used by Barclays in its financial analysis, for (i) revenue in calendar year 2019, the range of implied values per share of II-VI Common Stock would be $39.71 to $50.55, (ii) adjusted EBITDAS in calendar year 2019, the range of implied values per share of II-VI Common Stock would be $48.52 to $63.98, and (iii) adjusted EPS in calendar year 2019, the range of implied values per share of II-VI Common Stock would be $45.60 to $58.63. See The Merger Unaudited Prospective Financial Information for more information.

Selected Precedent Transaction Analysis

Barclays reviewed and compared, where publicly available, the purchase prices and financial multiples paid in twelve selected other transactions that Barclays, based on its experience with merger and acquisition transactions, deemed relevant. Barclays chose such transactions based on, among other things, the similarity of the applicable target companies in the transactions to Finisar with respect to the size, mix, margins and other characteristics of their businesses. The selected precedent transactions were:

Date Announced	Acquiror	Target
10/30/18	MKS Instruments, Inc.	Electro Scientific Industries, Inc.
3/12/18	Lumentum Holdings, Inc.	Oclaro, Inc.
12/11/17	Corning, Inc.	3M Communication Markets Division
9/27/16	Asia-IO, Redview, Axiom, Aberdeen and TR Advisors	Source Photonics, Inc.[1]
4/7/16	Corning, Inc.	Alliance Fiber Optic Products, Inc.

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Date Announced	Acquiror	Target
3/16/16	Coherent, Inc.	Rofin-Sinar Technologies, Inc.
2/23/16	MKS Instruments, Inc.	Newport Corp.
11/19/14	Koch Industries, Inc.	Oplink Communications LLC
11/18/14	MA-COM Technology	BinOptics Corp.(2)
4/11/14	AMETEK, Inc.	Zygo Corp.(3)
9/12/13	II-VI, Inc.	Oclaro s Gallium Arsenide Laser Diode Business(4)
4/11/13	Avago Technologies Ltd.	CyOptics, Inc.(5)

(1) EV/NTM Revenue, EV/LTM Operating Income, EV/NTM Operating Income and EV/NTM EBITDAS for this transaction were excluded for purposes of determining the respective selected multiple ranges and in the calculations of the low, median and high because financial information was not publicly available.
(2) EV/LTM Operating Income, EV/NTM Operating Income, EV/LTM EBITDAS and EV/NTM EBITDAS for this transaction were excluded for purposes of determining the respective selected multiple ranges and in the calculations of the low, median and high because financial information was not publicly available.
(3) EV/NTM Revenue, EV/NTM Operating Income and EV/NTM EBITDAS for this transaction were excluded for purposes of determining the respective selected multiple ranges and in the calculations of the low, median and high because financial information was not publicly available.
(4) EV/NTM Operating Income, EV/LTM EBITDAS and EV/NTM EBITDAS for this transaction were excluded for purposes of determining the respective selected multiple ranges and in the calculations of the low, median and high because financial information was not publicly available. The EV/LTM Operating Income multiple for this transaction was deemed not meaningful due to a negative value.
(5) EV/LTM Operating Income, EV/NTM Operating Income, EV/LTM EBITDAS and EV/NTM EBITDAS for this transaction were excluded for purposes of determining the respective selected multiple ranges and in the calculations of the low, median and high because financial information was not publicly available.

As part of its precedent transactions analysis, for each of the selected transactions, based on information Barclays obtained from publicly available information, Barclays analyzed the EV to (i) last-12-months for which financial information was publicly available, or LTM, revenue and the subsequent 12-months, or NTM, revenue, (ii) LTM operating income and NTM operating income and (iii) LTM EBITDAS and NTM EBITDAS. As part of its precedent transactions analysis, for each of the selected transactions, based on information Barclays obtained from publicly available information, Barclays also analyzed NTM revenue growth to LTM revenue growth.

The reasons for and the circumstances surrounding each of the selected precedent transactions analyzed were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Finisar and the companies included in the selected precedent transaction analysis. Accordingly, Barclays believed that a purely quantitative selected precedent transaction analysis would not be particularly meaningful in the context of considering the proposed transaction. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the proposed transaction which would affect the acquisition values of the selected target companies and Finisar. Based upon these judgments, Barclays selected a range of multiples for Finisar and applied such range to the Finisar Projections to calculate a range of implied prices per share of Finisar Common Stock. The following table summarizes the result of these calculations:

	Low	Median	High	Selected Multiple Range	Implied Value per Share of Finisar

EV/LTM Revenue	1.06x	1.85x	6.57x	1.60x	2.40x	$	19.23	$27.50
EV/NTM Revenue	1.24x	1.95x	5.35x	1.50x	2.20x	$	19.23	$26.95
EV/LTM Operating Income	7.1x	12.9x	31.5x	15.0x	18.0x	$	11.30	$13.04
EV/NTM Operating Income	8.4x	12.4x	20.8x	12.0x	15.0x	$	14.57	$17.56
EV/LTM EBITDAS	6.6x	10.4x	16.2x	9.5x	11.0x	$	15.78	$17.86
EV/NTM EBITDAS	7.1x	10.3x	14.3x	9.0x	11.0x	$	19.30	$23.00

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Barclays noted that on the basis of the selected precedent transaction analysis, the implied value of the Merger Consideration of $26.00 per share of Finisar Common Stock was (i) above the range of implied values per share of Finisar Common Stock calculated using EV/LTM operating income, EV/NTM operating income, EV/LTM EBITDAS and EV/NTM EBITDAS and (ii) within the range of implied values per share of Finisar Common Stock calculated using EV/LTM revenue and EV/NTM revenue.

Discounted Cash Flow Analysis

In order to estimate the present value of Finisar Common Stock, Barclays performed a discounted cash flow analysis of Finisar. A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

Barclays performed a discounted cash flow analysis of Finisar based on estimates of unlevered free cash flows of Finisar as reflected in the Finisar Projections to derive a range of implied present values per share of Finisar Common Stock as of November 8, 2018. Barclays used the mid-year convention in its discounted cash flow analysis to more accurately reflect the present value of future cash flows because cash flows are actually earned throughout the year rather than at the end of the year. Utilizing discount rates ranging from 11.0% to 12.0%, reflecting estimates of Finisar s weighted average cost of capital, or WACC, Barclays derived a range of implied EVs for Finisar by discounting to present value as of November 8, 2018, (i) estimates of unlevered free cash flows of Finisar for the stub period from November 8, 2018 through April 30, 2019 and for the fiscal years 2020 and 2021 based on the Finisar Projections and (ii) a range of terminal values for Finisar derived by applying perpetuity growth rates ranging from 2.0% to 4.0% to the estimated terminal unlevered free cash flow for Finisar calculated based upon the Finisar Projections. The range of after-tax discount rates of 11.0% to 12.0% was selected based on an analysis of the WACC of Finisar and the comparable companies. The after-tax unlevered free cash flows were calculated by taking the after-tax non-GAAP operating income of Finisar (which did not include stock-based compensation as an expense), adding depreciation, and subtracting capital expenditures and adjusting for changes in net working capital. In calculating the after-tax unlevered free cash flows, it was assumed that capital expenditures would equal depreciation and amortization in the terminal year. To calculate estimated EVs, Barclays then added the present value of the terminal values to the present values of the unlevered free cash flows for the stub period from November 8, 2018 through April 30, 2019 and for the fiscal years 2020 and 2021. Barclays then calculated a range of implied prices per share of Finisar by subtracting net debt (found by subtracting the value of Finisar s short term cash and short term investments from the principal amount of its total convertible debt) as of July 29, 2018 from the estimated EVs using the discounted cash flow method and dividing such amount by the diluted number of shares of Finisar Common Stock, calculated using the treasury stock method, and using the number of shares of Finisar Common Stock, Finisar Stock Options and Finisar Restricted Stock Units outstanding as of November 6, 2018. This analysis implied a range of value per share of Finisar Common Stock of $22.38 to $30.64.

Barclays noted that on the basis of the discounted cash flow analysis, the implied value of the Merger Consideration of $26.00 per share of Finisar Common Stock was within the range of implied values per share calculated using the Finisar Projections.

Other Factors

Barclays also reviewed and considered other factors, which were not considered part of its financial analyses in connection with rendering its opinion, but were references for informational purposes, including, among other things,

the Research Analysts Price Targets Analysis for Finisar and II-VI, Historical Share Price Analysis for Finisar and II-VI, and Premiums Paid Analysis described below.

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Discounted Cash Flow Analysis for II-VI

In order to estimate the present value of II-VI Common Stock, Barclays performed a discounted cash flow analysis of II-VI based on estimates of unlevered free cash flows of II-VI as reflected in the Barclays Fairness Opinion II-VI projections to derive a range of implied present values per share of II-VI Common Stock as of November 8, 2018. In performing a discounted cash flow analysis of II-VI, Barclays used a methodology similar to the methodology it used in performing a discounted cash flow analysis of Finisar. Utilizing discount rates ranging from 10.0% to 11.0%, reflecting estimates of II-VI s WACC, Barclays derived a range of implied EVs for II-VI by discounting to present value as of November 8, 2018, (i) estimates of unlevered free cash flows of II-VI for the stub period from November 8, 2018 through June 30, 2019 and for the fiscal years 2020 through 2023 based on the Barclays Fairness Opinion II-VI projections and (ii) a range of terminal values for Finisar derived by applying perpetuity growth rates ranging from 2.0% to 4.0% to the estimated terminal unlevered free cash flow for II-VI calculated based upon the Barclays Fairness Opinion II-VI projections. This analysis implied a range of value per share of II-VI Common Stock of $68.60 to $100.56.

Research Analysts Price Targets Analysis for Finisar and II-VI

Barclays reviewed publicly available research on per share price targets for Finisar Common Stock and II-VI Common Stock obtained from brokers. The equity research analysts per share price targets ranged from $19.00 to $26.00 for Finisar and from $41.00 to $64.00 for II-VI. The publicly available per share price targets published by equity research firms do not necessarily reflect the current market trading price of Finisar Common Stock or II-VI Common Stock, respectively, and these estimates are subject to uncertainties, including future financial performance of Finisar and II-VI as well as future market conditions.

Historical Share Price Analysis of Finisar and II-VI

To illustrate the trend in the historical trading prices of Finisar Common Stock, Barclays considered historical data with regard to the trading prices of Finisar Common Stock over the 52-week period prior to the announcement of the proposed transaction. During such period, the per share closing price of Finisar Common Stock ranged from $14.67 to $23.70.

To illustrate the trend in the historical trading prices of II-VI Common Stock, Barclays considered historical data with regard to the trading prices of II-VI Common Stock over the 52-week period prior to the announcement of the proposed transaction. During such period, the per share closing price of II-VI Common Stock ranged from $35.59 to $52.95.

Premiums Paid Analysis

In order to assess the premium offered to the stockholders of Finisar in the proposed transaction relative to the premiums offered to stockholders in other transactions, Barclays reviewed the premium paid in all electronics mergers and acquisitions transactions valued between $1.0 billion and $5.0 billion from January 1, 2010 to November 8, 2018, of which there were 44. For each transaction, Barclays calculated the premium per share paid by the acquirer by comparing the announced transaction value per share to the target company s historical average share price during the following periods: (i) closing price on the last trading day prior to announcement of the transaction or first reference in the public news media about the transaction and (ii) average closing price for the 30 calendar days prior to announcement of the transaction or first reference in the public news media about the transaction.

The reasons for and the circumstances surrounding each of the transactions analyzed in the transaction premium analysis were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Finisar, II-VI and the companies included in the transaction premium analysis. Accordingly, Barclays believed that a purely quantitative transaction premium analysis would not be particularly meaningful in the context of considering the proposed transaction. Barclays therefore made qualitative judgments concerning

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the differences between the characteristics of the selected transactions and the proposed transaction that would affect the acquisition values of the target companies and Finisar. Based upon these judgments, Barclays selected a range of premiums (i) to the closing price of Finisar Common Stock on November 8, 2018 (the last unaffected trading day prior to the first reference to a potential sale of Finisar in the public news media) and (ii) the 30-day average of the closing prices of Finisar Common Stock ended on November 8, 2018, to calculate a range of implied prices per share of Finisar Common Stock. The following summarizes the result of these calculations:

	Selected Premium Range		Implied Value per Finisar Share	
1-Day Unaffected Price	16%	45%	$ 21.90	$27.44
30-Day Average Unaffected Price	22%	48%	$ 20.76	$25.34

Barclays noted that on the basis of the transaction premium analysis, the implied value of the Merger Consideration of $26.00 per share of Finisar Common Stock was (i) within the range of implied values per share calculated using the closing price of Finisar Common Stock on November 8, 2018 and (ii) above the range of implied values per share calculated using the 30-day average of the closing price of Finisar Common Stock ending on November 8, 2018.

General

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. In selecting an investment bank, the Finisar Board considered several factors, including such investment bank s capabilities, its industry sector experience and knowledge, and an evaluation of a potential working relationship with such investment bank. The Finisar Board selected Barclays because of, among other things, its perceived superiority in sector experience and technical ability.

Barclays is acting as financial advisor to Finisar in connection with the proposed transaction. As compensation for its services in connection with the proposed transaction, Finisar will pay Barclays a fee for its services, $1.0 million of which was paid upon the delivery of Barclays opinion, which is referred to as the Opinion Fee. The Opinion Fee was not contingent upon the consummation of the proposed transaction. The remaining amount of the fee due to Barclays, which remaining amount is currently estimated at approximately $25.4 million, will be payable by Finisar on completion of the proposed transaction against which the amounts paid for the opinion will be credited. In addition, Finisar has agreed to reimburse Barclays for up to a specified amount of its reasonable and documented expenses incurred in connection with the proposed transaction and to indemnify Barclays for certain liabilities that may arise out of its engagement by Finisar and the rendering of Barclays opinion. Barclays has performed various investment banking services for Finisar and II-VI in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. However, since January 1, 2015, Barclays has not earned any investment banking or commercial banking fees from either Finisar or II-VI.

Barclays and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of Finisar and II-VI for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

Opinion of II-VI s Financial Advisor

II-VI has retained BofA Merrill Lynch to act as II-VI s financial advisor in connection with the Merger. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the

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valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. II-VI selected BofA Merrill Lynch to act as II-VI s financial advisor in connection with the Merger on the basis of BofA Merrill Lynch s experience in transactions similar to the Merger, its reputation in the investment community and its familiarity with II-VI and its business.

On November 8, 2018, at a meeting of the II-VI Board held to evaluate the Merger, BofA Merrill Lynch delivered to the II-VI Board an oral opinion, which was confirmed by delivery of a written opinion dated November 8, 2018, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the Merger Consideration to be paid by II-VI in the Merger was fair, from a financial point of view, to II-VI.

The full text of BofA Merrill Lynch s written opinion to the II-VI Board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this joint proxy statement/prospectus and is incorporated by reference herein in its entirety. The following summary of BofA Merrill Lynch s opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to the II-VI Board for the benefit and use of the II-VI Board (in its capacity as such) in connection with and for purposes of its evaluation of the Merger Consideration from a financial point of view. BofA Merrill Lynch s opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to II-VI or in which II-VI might engage or as to the underlying business decision of II-VI to proceed with or effect the Merger. BofA Merrill Lynch s opinion does not address any other aspect of the Merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed Merger or any other matter.

In connection with rendering its opinion, BofA Merrill Lynch has, among other things:

- reviewed certain publicly available business and financial information relating to Finisar and II-VI;
- reviewed certain internal financial and operating information with respect to the business, operations and prospects of Finisar furnished to or discussed with BofA Merrill Lynch by the management of Finisar, including certain financial forecasts relating to Finisar prepared by the management of Finisar, referred to herein as the Finisar management projections ;
- reviewed certain financial forecasts relating to Finisar prepared by the management of II-VI, referred to herein as the adjusted Finisar projections, and discussed with the management of II-VI its assessments as to the relative likelihood of achieving the future financial results reflected in the Finisar management projections and the adjusted Finisar projections;
- reviewed certain internal financial and operating information with respect to the business, operations and prospects of II-VI furnished to or discussed with BofA Merrill Lynch by the management of II-VI, including certain financial forecasts relating to II-VI prepared by the management of II-VI, referred to herein as the II-VI projections ;

reviewed certain estimates as to the amount and timing of cost savings, referred to herein, collectively, as the Cost Savings, anticipated by the management of II-VI to result from the Merger;

discussed the past and current business, operations, financial condition and prospects of Finisar with members of the senior managements of Finisar and II-VI, and discussed the past and current business, operations, financial condition and prospects of II-VI with members of the senior management of II-VI;

discussed with the management of II-VI its assessments as to (a) Finisar s existing and future relationships, agreements and arrangements with, and II-VI s ability to retain, key customers, suppliers,

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and employees of Finisar and (b) the products, product candidates and technology of Finisar, including the validity of, risks associated with, and the integration by II-VI of, such products, product candidates and technology;

reviewed the potential pro forma financial impact of the Merger on the future financial performance of II-VI, including the potential effect on II-VI s estimated earnings per share;

reviewed the trading histories for Finisar Common Stock and II-VI Common Stock and a comparison of such trading histories with each other and with the trading histories of other companies BofA Merrill Lynch deemed relevant;

compared certain financial and stock market information of Finisar and II-VI with similar information of other companies BofA Merrill Lynch deemed relevant;

compared certain financial terms of the Merger to financial terms, to the extent publicly available, of other transactions BofA Merrill Lynch deemed relevant;

reviewed the relative financial contributions of Finisar and II-VI to the future financial performance of the combined company on a pro forma basis;

reviewed the draft, dated November 8, 2018, of the Merger Agreement, and share capitalization information furnished by Finisar and II-VI, referred to herein, collectively, as the Draft Agreement ; and

performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the managements of Finisar and II-VI that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the Finisar management projections, BofA Merrill Lynch was advised by Finisar, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Finisar as to the future financial performance of Finisar. With respect to the adjusted Finisar projections, the II-VI projections and the Cost Savings, BofA Merrill Lynch assumed, at the direction of II-VI, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of II-VI as to the future financial performance of Finisar and II-VI and the other matters covered thereby, and, based on the assessments of the management of II-VI as to the relative likelihood of achieving the future financial results reflected in the Finisar management projections and the adjusted Finisar projections, BofA Merrill Lynch relied, at the direction of II-VI, on the adjusted Finisar projections for purposes of its opinion. BofA Merrill Lynch relied at the direction of II-VI on the assessments of the management of II-VI as to II-VI s ability to achieve the Cost Savings and was advised by II-VI, and assumed, that the Cost Savings will be realized in the amounts and at the times projected.

BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Finisar or II-VI, nor did it make any physical inspection of the properties or assets of Finisar or II-VI. BofA Merrill Lynch did not evaluate the solvency or fair value of Finisar or II-VI under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of II-VI, that the Merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on Finisar, II-VI or the contemplated benefits of the Merger. BofA Merrill Lynch also assumed, at the direction of II-VI, that the final executed Merger Agreement would not differ in any material respect from the Draft Agreement reviewed by it.

BofA Merrill Lynch expressed no opinion or view as to any terms or other aspects or implications of the Merger (other than the Merger Consideration to the extent expressly specified in its opinion), including, without

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limitation, the form or structure of the Merger, any related transactions or any other agreement, arrangement or understanding entered into in connection with or related to the Merger or otherwise. BofA Merrill Lynch s opinion was limited to the fairness, from a financial point of view, to II-VI of the Merger Consideration to be paid in the Merger and no opinion or view was expressed with respect to any consideration received in connection with the Merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Merger, or class of such persons, relative to the Merger Consideration or otherwise. Furthermore, no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to II-VI or in which II-VI might engage or as to the underlying business decision of II-VI to proceed with or effect the Merger. BofA Merrill Lynch did not express any opinion or view as to what the value of II-VI Common Stock actually would be when issued or the prices at which II-VI Common Stock or Finisar Common Stock would trade at any time, including following announcement or consummation of the Merger. BofA Merrill Lynch also did not express any opinion or view with respect to, and BofA Merrill Lynch relied, at the direction of II-VI, upon the assessments of representatives of II-VI regarding, legal, regulatory, accounting, tax or similar matters relating to Finisar, II-VI or the Merger, as to which matters BofA Merrill Lynch understood that II-VI obtained such advice as it deemed necessary from qualified professionals. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the Merger or any other matter.

BofA Merrill Lynch s opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. BofA Merrill Lynch noted that the credit, financial and stock markets have been experiencing unusual volatility, and BofA Merrill Lynch expressed no opinion or view as to any potential effects of such volatility on II-VI, Finisar or the Merger. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch s opinion was approved by a fairness opinion review committee of BofA Merrill Lynch. Except as described in this summary, II-VI imposed no other limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

The discussion set forth below in the sections entitled Summary of Material Finisar Financial Analyses and Summary of Material II-VI Financial Analyses represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to the II-VI Board in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch. In addition, II-VI, Finisar and the other publicly traded companies reviewed by BofA Merrill Lynch in connection with its analyses have different fiscal year ends. Accordingly, for purposes of its financial analyses and for ease of reference, BofA Merrill Lynch conformed information contained in the Finisar management projections and the financial and stock market information for the publicly traded companies it reviewed to reflect fiscal years ending on June 30, to be consistent with and comparable to II-VI s fiscal year.**

Summary of Material Finisar Financial Analyses

Selected Publicly Traded Companies Analysis. BofA Merrill Lynch reviewed publicly available financial and stock market information for Finisar and the following 10 publicly traded companies with material operations engaged in

the manufacturing of components for optical communications and/or the laser industry:

Acacia Communications, Inc.

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Coherent, Inc.

Cree, Inc.

II-VI Incorporated

Inphi Corporation

IPG Photonics Corporation

Lumentum Holdings, Inc,

MKS Instruments, Inc.

NeoPhotonics Corporation

Novanta, Inc.

BofA Merrill Lynch reviewed, among other things, per share equity values, based on closing stock prices on November 7, 2018, of the selected publicly traded companies as a multiple of June 30, 2019 and 2020 estimated earnings per share, plus amortization of intangibles, stock-based compensation and certain one-time costs, referred to in this section as adjusted EPS. The overall low to high June 30, 2019 estimated adjusted EPS multiples observed for selected publicly traded companies were 7.4x to 40.6x (with a mean of 21.4x and a median of 18.6x), and the overall low to high June 30, 2020 estimated adjusted EPS multiples observed for such companies were 6.8x to 31.5x (with a mean of 19.4x and a median of 18.1x). BofA Merrill Lynch also reviewed enterprise values of the selected publicly traded companies, calculated as equity values based on closing stock prices on November 7, 2018, plus debt and preferred equity, and less cash and cash equivalents (referred to collectively in this section as net debt), as a multiple of 2019 and 2020 estimated earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. The overall low to high June 30, 2019 EBITDA multiples observed for selected publicly traded companies were 6.6x to 29.4x (with a mean of 15.6x and a median of 14.5x), and the overall low to high June 30, 2020 EBITDA multiples observed for selected publicly traded companies were 6.3x to 19.8x (with a mean of 12.6x and a median of 11.6x).

BofA Merrill Lynch then applied June 30, 2019 adjusted EPS multiples of 15.0x to 18.0x and June 30, 2020 adjusted EPS multiples of 11.0x to 15.0x derived from the selected publicly traded companies based on its professional judgment and experience to Finisar s June 30, 2019 and June 30, 2020 estimated adjusted EPS. BofA Merrill Lynch also applied 2019 EBITDA multiples of 7.0x to 11.0x and 2020 EBITDA multiples of 6.0x to 9.0x derived from the selected publicly traded companies based on its professional judgment and experience to Finisar s June 30, 2019 and June 30, 2020 estimated EBITDA to calculate indicative enterprise values, from which BofA Merrill Lynch subtracted net debt as of July 29, 2018 to derive equity values. Estimated financial data of the selected publicly traded companies were based on publicly available research analysts estimates, and estimated financial data of Finisar were based on the

adjusted Finisar projections. This analysis indicated the following approximate implied per share equity value reference ranges for Finisar, as compared to the Merger Consideration, which BofA Merrill Lynch deemed to have a value of $26.00 per share of Finisar Common Stock for purposes of its analyses:

Implied Per Share Equity Value Reference Ranges for Finisar								Merger Consideration
2019E P/EPS		2020E P/EPS		2019E EV/EBITDA		2020E EV/EBITDA		
$15.60	$18.70	$20.90	$28.45	$15.25	$22.50	$19.70	$28.20	$26.00

No company used in this analysis is identical or directly comparable to Finisar. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which Finisar was compared.

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Selected Precedent Transactions Analysis. BofA Merrill Lynch reviewed, to the extent publicly available, financial information relating to the following 19 selected transactions involving companies with material operations engaged in the manufacturing of components for optical communications and/or the laser industry:

Acquiror	Target
Lumentum Holdings Inc.	Oclaro, Inc.
Cree, Inc.	Infineon Technologies AG s RF Power Assets
TDK Corporation	InvenSense, Inc.
Inphi Corporation	ClariPhy Communications, Inc.
Corning Incorporated	Alliance Fiber Optic Products, Inc.
Coherent, Inc.	Rofin-Sinar Technologies Inc.
MKS Instruments, Inc.	Newport Corporation
Microchip Technology Incorporated	Atmel Corporation
Uphill Investment Co.	Integrated Silicon Solution, Inc.
Lattice Semiconductor Corporation	Silicon Image, Inc.
Koch Industries, Inc.	Oplink Communications, Inc.
M/A-COM Technology Solutions Holdings, Inc.	BinOptics Corporation
AMETEK, Inc.	Zygo Corporation
M/A-COM Technology Solutions Holdings, Inc.	Mindspeed Technologies, Inc.
II-VI Incorporated	Oclaro, Inc. s Gallium Arsenide Laser Diode Business
Avago Technologies Limited	CyOptics, Inc.
Oclaro Inc.	Opnext, Inc.
Ardian	Photonis Technologies SAS
Newport Corporation	Ophir Optronics Ltd.

BofA Merrill Lynch reviewed transaction values, calculated as the enterprise value implied for the target company based on the consideration payable in the selected transaction, as a multiple of the target company s estimated EBITDA for the next 12 months (referred to in this section as NTM EBITDA). The overall low to high multiples of the target companies estimated NTM EBITDA for the selected transactions were 7.6x to 34.8x (with a mean of 15.8x and a median of 13.8x). BofA Merrill Lynch then applied estimated NTM EBITDA multiples of 10.0x to 14.0x derived from the selected transactions based on its professional judgment and experience to the estimated NTM EBITDA for Finisar as of June 30, 2018 to calculate indicative enterprise values, from which BofA Merrill Lynch subtracted net debt as of July 29, 2018 to derive equity values. Estimated financial data of the selected transactions were based on publicly available information. Estimated financial data of Finisar were based on the adjusted Finisar projections. This analysis indicated the following approximate implied per share equity value reference ranges for Finisar, as compared to the Merger Consideration of $26.00 per share of Finisar Common Stock:

Implied Per Share Equity Value Reference Range for Finisar	Merger Consideration
$20.30 $27.35	$ 26.00

No company, business or transaction used in this analysis is identical or directly comparable to Finisar or the Merger. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the acquisition or other values of the companies, business segments or transactions to which Finisar and the Merger were compared.

Discounted Cash Flow Analysis. BofA Merrill Lynch performed a discounted cash flow analysis of Finisar to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that Finisar was forecasted to generate from June 30, 2018 through 2023 based on the adjusted Finisar projections, both (i) taking

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into account the value per share of assumed cost savings in the amount of $150 million at perpetuity growth rates of 0.0% to 2.5%, phased in $35 million in year 1, $100 million in year 2 and $150 million in year 3, and assuming one-time costs to achieve such cost savings equal to $75 million in year 1 and $50 million in year 2, and incremental capital expenditures of $5 million in year 1, $20 million in year 2 and $9 million in year 3, and (ii) without taking into account such assumed cost savings. BofA Merrill Lynch calculated terminal values for Finisar by extrapolating Finisar s normalized unlevered free cash flow at perpetuity growth rates of 3.5% to 4.0%, which perpetuity growth rates were selected based on BofA Merrill Lynch s professional judgment and experience. The cash flows and terminal values were then discounted to present value as of June 30, 2018, assuming a mid-year convention, using discount rates ranging from 8.75% to 11.00%, which were based on an estimate of Finisar s weighted average cost of capital. To the resulting enterprise values, BofA Merrill Lynch subtracted net debt, estimated as of June 30, 2018, to derive equity values. This analysis indicated the following approximate implied per share equity value reference ranges for Finisar as compared to the Merger Consideration of $26.00 per share of Finisar Common Stock:

Implied Per Share Equity Value				
Reference Range for Finisar				Merger Consideration
Standalone		Taking Into Account Cost Savings		
$18.70	$28.95	$25.30	$41.30	$26.00

Summary of Material II-VI Financial Analyses

BofA Merrill Lynch performed has/gets analyses comparing the illustrative (i) present value of the future price of II-VI Common Stock, (ii) public market trading price for II-VI Common Stock and (iii) intrinsic value of II-VI, assuming (x) in one case the pro forma ownership by II-VI shareholders of the combined company following the Merger, and (y) in another case the 100% ownership by II-VI shareholders of the II-VI Common Stock on a stand-alone basis. The actual results achieved by the combined company in each case may vary from projected results, and the variations may be material.

Present Value of Future Stock Price. BofA Merrill Lynch performed an analysis to derive implied present values of hypothetical future prices for II-VI Common Stock on a stand-alone basis, and on a pro forma basis after giving effect to the Merger, in each case as of June 30 of 2020 through 2022. BofA Merrill Lynch calculated hypothetical future prices for II-VI Common Stock by applying an illustrative weighted average estimated 2019 adjusted EPS multiple of 19.6x for the stand-alone case and 18.6x for the pro forma case (calculated by using illustrative Finisar and II-VI five-year average NTM adjusted EPS multiples of 17.4x and 19.6x, respectively) to estimated adjusted EPS and pro forma adjusted EPS for II-VI for the following year, in each case as of June 30 of 2020 through 2022, as reflected in the II-VI projections and the estimated cost savings. The resulting hypothetical future stock prices were then discounted to present value as of November 8, 2018 using a discount rate of 11.0%, based on an estimate of II-VI s cost of equity. This analysis indicated approximate implied present values for the price of II-VI Common Stock, on a stand-alone and pro forma basis, ranging from $83.14 to $105.86 and $100.21 to $119.90, respectively. This analysis indicated that the present value of the hypothetical June 2022 pro forma future stock price (giving effect to the Merger) would represent a 13.3% premium to the present value of the hypothetical June 2022 stand-alone future stock price.

Public Market Valuation. BofA Merrill Lynch reviewed the potential pro forma financial effect of the Merger on the market value of II-VI Common Stock. BofA Merrill Lynch calculated an illustrative pro forma market value for the II-VI Common Stock as comprising 69% of the sum of (i) the aggregate market value of the II-VI Common Stock based on its closing price of $46.26 per share as of November 7, 2018, (ii) the aggregate market value of the Finisar

Common Stock based on its closing price of $17.93 as of November 7, 2018, and (iii) the value of the $150 million of assumed annual cost savings, based on a 10.0x pro forma EBITDA multiple, less (iv) the tax-effected one-time costs required to achieve the cost savings and less (v) the incremental net debt incurred to fund the Merger. This analysis resulted in an illustrative pro forma market value for the II-VI Common Stock, after giving effect to the Merger, of $49.09 per share, as compared with the actual closing price for the II-VI Common Stock of $46.26 per share as of November 7, 2018.

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Intrinsic Valuation. BofA Merrill Lynch reviewed the potential pro forma financial effect of the Merger on the intrinsic discounted cash flow value of II-VI Common Stock. BofA Merrill Lynch calculated an illustrative pro forma intrinsic value for the II-VI Common Stock as comprising 69% of the sum of (i) the implied aggregate value of the II-VI Common Stock derived from a discounted cash flow analysis of II-VI similar to that described above under Summary of Material Finisar Financial Analyses Discounted Cash Flow Analysis, based on the II-VI projections, (ii) the implied aggregate value of the Finisar Common Stock derived from the discounted cash flow analysis of Finisar described above under Summary of Material Finisar Financial Analyses Discounted Cash Flow Analysis and (iii) the present value of the net cost savings assumed to be realized from the Merger, less (iv) the incremental net debt incurred to fund the Merger. For purposes of its discounted cash flow analysis of II-VI, BofA Merrill Lynch calculated terminal values for II-VI by extrapolating II-VI s normalized unlevered free cash flow at perpetuity growth rates of 3.5% to 4.0%, which perpetuity growth rates were selected based on BofA Merrill Lynch s professional judgment and experience. The cash flows to and terminal values were then discounted to present value as of June 30, 2018, assuming mid-year convention and using discount rates ranging from 8.75% to 11.00%, which were based on an estimate of II-VI s weighted average cost of capital. From the resulting enterprise values, BofA Merrill Lynch subtracted net debt, estimated as of June 30, 2018, to derive equity values. Estimated financial data of II-VI were based on the II-VI projections and estimated financial data of Finisar were based on the adjusted Finisar projections, respectively. This analysis indicated that the Merger could result in dilution of 49.3% to accretion of 57.3% in the intrinsic discounted cash flow valuation of II-VI Common Stock.

Other Factors

BofA Merrill Lynch also noted certain additional factors that were not considered part of BofA Merrill Lynch s material financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

- historical trading prices of Finisar Common Stock during the 52-week period ended November 7, 2018, which indicated that during such period Finisar s closing prices ranged from $14.67 to $23.70;

- one-year forward stock price targets as of November 7, 2018, for Finisar Common Stock in publicly available Wall Street research analyst reports, which indicated stock price targets for Finisar, discounted to present value as of November 7, 2018 utilizing a discount rate of 10.00%, of approximately $17.25 to $23.65 per share; and

- the relationship between movements in Finisar Common Stock and II-VI Common Stock during the five-year period ended November 7, 2018.

Miscellaneous

As noted above, the discussion set forth above in the sections entitled Summary of Material Finisar Financial Analyses and Summary of Material II-VI Financial Analyses is a summary of the material financial analyses presented by BofA Merrill Lynch to the II-VI Board in connection with its opinion and is not a comprehensive description of all analyses undertaken or factors considered by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular

circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch s analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

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In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Finisar and II-VI. The estimates of the future performance of Finisar and II-VI in or underlying BofA Merrill Lynch s analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch s analyses. These analyses were prepared solely as part of BofA Merrill Lynch s analysis of the fairness, from a financial point of view, to II-VI of the Merger Consideration to be paid by II-VI in the Merger and were provided to the II-VI Board in connection with the delivery of BofA Merrill Lynch s opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch s view of the actual values of Finisar or II-VI.

The type and amount of consideration payable in the Merger was determined through negotiations between Finisar and II-VI, rather than by any financial advisor, and was approved by the II-VI Board. The decision to enter into the Merger Agreement was solely that of the II-VI Board. As described above, BofA Merrill Lynch s opinion and analyses were only one of many factors considered by the II-VI Board in its evaluation of the proposed Merger and should not be viewed as determinative of the views of the II-VI Board or management with respect to the Merger or the Merger Consideration.

II-VI has agreed to pay BofA Merrill Lynch for its services in connection with the Merger an aggregate fee currently estimated to be approximately $29,000,000, approximately $2,000,000 will be payable in connection with delivery of its opinion and the remaining portion of which is contingent upon consummation of the Merger. II-VI also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch s engagement and to indemnify BofA Merrill Lynch, any controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against specified liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of II-VI, Finisar and certain of their respective affiliates.

BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to II-VI and have received or in the future may receive compensation for the rendering of these services, including (i) having acted or acting as a co-lead arranger for, and as a lender under, II-VI s revolving credit facility, (ii) having acted as a book running manager in a convertible bond offering for II-VI, (iii) having provided or providing foreign exchange trading services to II-VI, and (iv) having provided or providing certain treasury management services and products to II-VI. From October 1, 2016 through September 30, 2018, BofA Merrill Lynch and its affiliates derived aggregate revenues from II-VI and its affiliates of approximately $11 million for investment and corporate banking services.

In addition, BofA Merrill Lynch and its affiliates in the past have provided, currently are providing and in the future may provide investment banking, commercial banking and other financial services to Finisar and have received or in the future may receive compensation for the rendering of these services, including having acted as a book running

manager in a convertible bond offering for Finisar and having provided or providing foreign

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exchange and fixed income trading services to Finisar. From October 1, 2016 through September 30, 2018, BofA Merrill Lynch and its affiliates derived aggregate revenues from Finisar and its affiliates of approximately $4.5 million for investment and corporate banking services.

Unaudited Prospective Financial Information

Finisar Projections

Although Finisar historically has publicly issued limited short-term guidance concerning certain aspects of its expected financial performance, it does not, as a matter of course, make public disclosure of detailed forecasts or projections of its expected financial performance for extended periods due to, among other things, the uncertainty, unpredictability and subjectivity of the underlying assumptions and estimates. In connection with Finisar s evaluation of strategic alternatives and a possible business combination transaction involving Finisar, in August 2018, Finisar prepared certain unaudited projections and estimates of future financial and operating performance with respect to Finisar s fiscal years ending in 2019, 2020 and 2021, which are referred to in this joint proxy statement/prospectus as the Finisar management projections, which it made available to II-VI and BofA Merrill Lynch on August 27, 2018. The Finisar management projections also were provided to Barclays for its use and reliance in connection with its respective financial analysis and opinion in connection with the Merger.

The Finisar management projections were prepared on a stand-alone basis and do not take into account any of the transactions contemplated by the Merger Agreement, including the Merger and associated expenses, or Finisar s compliance with its covenants under the Merger Agreement. For these reasons and for the reasons described above, actual results likely will differ, and may differ materially, from those contained in the Finisar management projections.

The Finisar management projections have been prepared by, and are the responsibility of, Finisar management for internal use by Finisar and Barclays, and approved by the Finisar Board, and were provided to Barclays for use in the financial analyses undertaken by representatives of Barclays in connection with Barclays rendering its opinion to the Finisar Board and were not prepared for purposes of public disclosure.

The following table presents a summary of the unaudited Finisar management projections[(1)(2)]:

(in millions, except per share data and percentages)	**FY2019**	**FY2020**	**FY2021**	**CY2018[(3)]**	**CY2019[(4)]**
Revenue	$ 1,321	$ 1,657	$ 1,860	$ 1,292	$ 1,548
Non-GAAP Gross Margin	27.6%	31.7%	34.0%	27.1%	30.5%
Non-GAAP Gross Profit	$ 364	$ 525	$ 632	$ 351	$ 473
Non-GAAP Total Operating Expenses	$ 265	$ 268	$ 289	$ 275	$ 267
Non-GAAP Operating Income	$ 99	$ 258	$ 344	$ 76	$ 206
Non-GAAP Operating Margin	7.5%	15.5%	18.5%	5.9%	13.3%
Non-GAAP EBITDAS	$ 203	$ 380	$ 478	$ 178	$ 322
Non-GAAP Pre-Tax Income	$ 114	$ 276	$ 372	$ 91	$ 223
Non-GAAP Net Income	$ 105	$ 253	$ 342	$ 82	$ 205
Non-GAAP Fully Diluted EPS	$ 0.89	$ 2.11	$ 2.76	$ 0.70	$ 1.71

(1) The Finisar management projections were calculated excluding certain charges and credits that would be required by U.S. generally accepted accounting principles, or GAAP, considered by management to be outside of Finisar s

core ongoing operating results in the same manner as Finisar has historically calculated financial information on a non-GAAP basis. These excluded items have historically consisted of, among others: (i) amortization of acquired technology (non-cash charges related to technology obtained in acquisitions); (ii) stock-based compensation expense (non-cash charges); (iii) impairment of long-lived/intangible assets (non-cash charges); (iv) reduction in force costs and other restructuring charges (non-core

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cash charges); (v) acquisition related retention payments (non-core cash charges); (vi) inventory write-offs related to discontinued products (non-cash charges); (vii) discontinued product services fees (non-core cash charges); (viii) duplicate facility costs during facility move (non-core cash charges); (ix) acquisition related costs (non-core cash charges); (x) litigation settlements and resolutions and related costs (non-core cash charges); (xi) amortization of purchased intangibles (non-core, non-cash charges); (xii) start-up cash costs related to Finisar s Sherman VCSEL fab until Finisar begins commercial production; (xiii) imputed interest expenses on convertible debt (non-cash charges); (xiv) imputed interest related to restructuring (non-cash charges); (xv) other interest income (non-core benefits); (xvi) gains and losses on sales of assets and other miscellaneous (non-cash losses and cash gains related to the periodic disposal of assets no longer required for current activities); (xvii) loss (gain) related to minority investments (non-core charges or benefits); (xviii) dollar denominated foreign exchange transaction losses (gains) (non-cash charges or benefits); and (xix) amortization of debt issuance costs (non-cash charges). In addition, the Finisar management projections have adjusted non-GAAP income and non-GAAP income per share for the difference between GAAP income taxes and non-GAAP income taxes.

(2) All fiscal year periods assume a 52-week year.

(3) CY2018 has been prepared using the sum of the implied calendar quarters based on historical fiscal quarter financial data and fiscal quarter projections provided by Finisar. Calendar quarter financials have been prepared using the following formulae based on historical fiscal quarter financial data and fiscal quarter projections provided by Finisar:

CQ1 2018 = (0.326*FQ3 2018) + (0.674*FQ4 2018)

CQ2 2018 = (0.326*FQ4 2018) + (0.674*FQ1 2019)

CQ3 2018 = (0.326*FQ1 2019) + (0.674*FQ2 2019)

CQ4 2018 = (0.326*FQ2 2019) + (0.674*FQ3 2019).

(4) CY2019 has been prepared using the following formula based on fiscal year projections provided by Finisar: CY2019 = (0.326*FY2019) + (0.674*FY2020).

The following is a summary of the projected unlevered free cash flow, which is derived from the Finisar management projections summarized in the table above.

(in millions)	**Stub FY2019[1]**	**FY2020**	**FY2021**
Revenue	$ 649	$ 1,657	$ 1,860
Non-GAAP EBITDAS	$ 101	$ 380	$ 478
Non-GAAP EBIT	$ 50	$ 258	$ 344
Non-GAAP NOPAT	$ 46	$ 236	$ 316
Non-GAAP Unlevered Free Cash Flow[2]	$ 8	$ 126	$ 247

(1) FY2019 stub period is from November 8, 2018 to April 30, 2019.

(2) Unlevered Free Cash Flow is a non-GAAP financial measure calculated by starting with net operating profit after tax, or NOPAT, and adding back depreciation and then subtracting change in net working capital and capital

expenditures. Net working capital projections used to calculate Unlevered Free Cash Flow are based on FY2017 and FY2018 historical levels. It is also assumed that capital expenditures equal depreciation in the terminal year.

Adjusted Finisar Projections

In connection with its evaluation of the Merger, II-VI made certain adjustments to the assumptions and estimates underlying the Finisar management projections in light of, among other things, the fact that II-VI and Finisar have different fiscal years, the due diligence II-VI conducted on Finisar, and certain macroeconomic and

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industry trends. II-VI s adjusted version of the Finisar management projections are referred to in this section of this joint proxy statement/prospectus as the adjusted Finisar projections. The adjusted Finisar projections were made available by II-VI management to BofA Merrill Lynch for purposes of its financial analysis and opinion. II-VI directed BofA Merrill Lynch to use and rely upon (and BofA Merrill Lynch accordingly used and relied upon) the adjusted Finisar projections for purposes of its financial analysis and opinion (see The Merger Opinion of II-VI s Financial Advisor beginning on page 112 of this joint proxy statement/prospectus). The II-VI Board also reviewed and considered the adjusted Finisar projections in connection with its review of BofA Merrill Lynch s financial analysis at the meeting of the II-VI Board held on November 8, 2018.

The following table presents a summary of the unaudited adjusted Finisar projections.[1]

	FY19	FY20	FY21	FY22[2]	FY23[3]
	(in millions, except per share amounts)				
Revenues	$ 1,377	$ 1,691	$ 1,877	$ 1,979	$ 2,060
Non-GAAP Adjusted EBITDA	225	354	449	473	493
Non-GAAP Adjusted Earnings Per Share	1.04	1.90	2.54	2.67	2.77
Non-GAAP Unlevered Free Cash Flow[4]	(148)	76	195	211	228

(1) The Finisar management projections have been adjusted to correspond with II-VI s fiscal year periods.
(2) FY22 projections prepared exclusively by II-VI management.
(3) FY23 projections prepared exclusively by II-VI management.
(4) Non-GAAP Unlevered Free Cash Flow defined as earnings before interest, taxes and amortization, less taxes, plus depreciation, less change in net working capital and less capital expenditures.

The adjusted Finisar projections were not prepared with a view to public disclosure and are included in this joint proxy statement/prospectus only because such information was made available, in whole or in part, to BofA Merrill Lynch for purposes of its financial analysis and opinion (see The Merger Opinion of II-VI s Financial Advisor beginning on page 112 of this joint proxy statement/prospectus) and to the II-VI Board.

II-VI Projections

In connection with its evaluation of the Merger, II-VI management prepared certain financial forecasts and unaudited prospective financial information relating to II-VI for the years ending June 30, 2019 through June 30, 2023 on a stand-alone basis, assuming II-VI would continue as an independent company, without giving effect to the Merger, consisting of certain base II-VI projections and II-VI management adjusted II-VI projections, which are, together, referred to in this section of this joint proxy statement/prospectus as the II-VI projections. Certain of the II-VI projections for the years ending June 30, 2019 through June 30, 2023 were made available to Barclays and Finisar on or prior to October 23, 2018. The II-VI projections for the year ending June 30, 2019 were subsequently updated by II-VI management and were provided to BofA Merrill Lynch on November 6, 2018 for purposes of its financial analysis and opinion (see The Merger Opinion of II-VI s Financial Advisor beginning on page 112 of this joint proxy statement/prospectus). II-VI directed BofA Merrill Lynch to use and rely upon (and BofA Merrill Lynch accordingly used and relied upon) the II-VI projections for purposes of its financial analysis and opinion. The II-VI Board also reviewed and considered the II-VI management adjusted II-VI projections at the meeting of the II-VI Board held on November 8, 2018.

The II-VI projections reflect numerous assumptions and estimates that II-VI made in good faith, including, without limitation, (i) that macroeconomic conditions will remain stable, both in the U.S. and globally; (ii) that no major changes occur in U.S. policy, laws and regulations; (iii) that gross margins in the industries served remain stable; (iv) that no new regulatory and business changes occur relating to II-VI s business and operations; (v) that no major changes in industry pricing trends generally occur; and (vi) certain other matters referred to below under The Merger Unaudited Prospective Financial Information General beginning on page 127 of this joint proxy statement/prospectus. The base II-VI projections also assume that GAAP as in effect as of the date the base II-VI projections were made applies throughout the projection period.

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The following table presents a summary of the base II-VI projections:

	FY19	FY20	FY21	FY22	FY23
	(in millions, except per share amounts)				
Revenues	$ 1,378[1]	$ 1,677	$ 2,025	$ 2,422	$ 2,792
EBIT[2]	176[3]	312	432	582	728
Earnings Per Share	1.93[4]	3.44	4.76	6.39	8.04

(1) FY19 revenue figure provided to Barclays and Finisar on October 23, 2018 was $1,375 million. BofA Merrill Lynch was subsequently provided an updated FY19 revenue figure of $1,378 million by II-VI management on November 6, 2018.
(2) EBIT defined by II-VI management as Earnings Before Interest and Taxes.
(3) FY19 EBIT figure provided to Barclays and Finisar on October 17, 2018 was $182.2 million. Certain updated financial information (not including GAAP FY19 EBIT) was provided by II-VI to Barclays on October 23, 2018, along with instructions on how to calculate GAAP FY19 EBIT based on the information included in the October 23, 2018 update, which would have resulted in an FY19 EBIT figure of $175.6 million. BofA Merrill Lynch was subsequently provided an updated FY19 EBIT figure of $176.4 million by II-VI management on November 6, 2018.
(4) FY19 EPS figure provided to Barclays on October 23, 2018 was $1.91. BofA Merrill Lynch was subsequently provided an updated FY19 EPS figure of $1.93 by II-VI management on November 6, 2018.

The following table presents a summary of the II-VI management adjusted II-VI projections:

	FY19	FY20	FY21	FY22	FY23
	(in millions, except per share amounts)				
Revenues	$ 1,378[5]	$ 1,677	$ 2,025	$ 2,422	$ 2,792
Adjusted EBITDA[6]	314[7]	467	608	780	945
Adjusted Earnings Per Share[8]	2.63[9]	3.95	5.22	6.78	8.19
Unlevered Free Cash Flow[10]	(1)[11]	50	196	343	481

(5) FY19 revenue figure provided to Barclays on October 23, 2018 was $1,374.8 million. BofA Merrill Lynch was subsequently provided an updated FY19 revenue figure of $1,378.2 million by II-VI management on November 6, 2018.
(6) Adjusted EBITDA defined by II-VI management as earnings before interest, taxes, depreciation and amortization, plus stock-based compensation and plus certain one-time costs.
(7) II-VI did not provide Barclays or Finisar with FY19 adjusted EBITDA figures.
(8) Adjusted EPS defined by II-VI management as earnings per share, plus after tax amortization of intangibles, plus after tax amortization of non-cash convertible note discount, plus after tax stock-based compensation, plus after tax certain one-time costs.
(9) FY19 adjusted EPS figure provided to Barclays on October 23, 2018 was $2.70 (see Unaudited Prospective Financial Information Barclays Fairness Opinion II-VI Projections), which amount was calculated for that period only as follows: earnings per share, plus pre-tax amortization of intangibles, stock-based compensation, plus certain one time costs. BofA Merrill Lynch was subsequently provided an updated FY19 adjusted EPS figure of

$2.63 by II-VI management on November 6, 2018, which amount was calculated using the methodology described in footnote (8) above. This difference in methodology of non-GAAP related adjustments, mainly related to amortization of non cash convertible note discount and income taxes, between the October 23, 2018 calculation of FY19 and the November 6, 2018 calculation of FY19 resulted in lower FY19 adjusted EPS by approximately $0.09. Thus, while the base II-VI projections for EPS increased by $0.02 between October 23, 2018 and November 6, 2018, the FY19 adjusted EPS projection declined from $2.70 to $2.63 between these dates as a result of this difference in methodology.

(10) Unlevered Free Cash Flow defined by II-VI management as earnings before interest, taxes and amortization, less taxes, plus depreciation, less change in net working capital and less capital expenditures.

(11) II-VI did not provide Barclays or Finisar with Unlevered Free Cash Flow figures.

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EBIT, Adjusted EBITDA, Adjusted Earnings Per Share and Unlevered Free Cash Flow, as presented above, are each a non-GAAP financial measure. This information was not prepared for public disclosure. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. Additionally, non-GAAP financial measures as presented by II-VI may not be comparable to similarly titled measures reported by other companies. In the view of II-VI s management, the II-VI projections were prepared on a reasonable basis based on the information available to II-VI s management at the time of their preparation.

Barclays Fairness Opinion II-VI Projections

In connection with its evaluation of the Merger, II-VI management prepared certain financial forecasts and unaudited prospective financial information relating to II-VI for the years ending June 30, 2019 through June 30, 2023 on a stand-alone basis, assuming II-VI would continue as an independent company, without giving effect to the Merger. The II-VI projections for the years ending June 30, 2019 through June 30, 2023 were made available to Finisar and Barclays on or prior to October 23, 2018, except as set forth in notes 1, 3, 5 and 9 of the II-VI projections (see Unaudited Prospective Financial Information II-VI Projections beginning on page 123 of this joint proxy statement/prospectus). Barclays made certain adjustments and calculated certain amounts based on the II-VI projections made available to Finisar and Barclays on or prior to October 23, 2018, except as set forth in notes 1, 3, 5 and 9 of the II-VI projections, which adjusted and calculated amounts are referred to in this section of this joint proxy statement/prospectus as the Barclays Fairness Opinion II-VI projections. Barclays used and relied upon, among other things, the Barclays Fairness Opinion II-VI projections for purposes of its financial analysis and opinion (see The Merger Opinion of Finisar s Financial Advisor beginning on page 102 of this joint proxy statement/prospectus).

The following table presents a summary of the unaudited Barclays Fairness Opinion II-VI projections:

	FY19	FY20	FY21	FY22	FY23
	(in millions, except per share amounts)				
Revenues	$ 1,375	$ 1,677	$ 2,025	$ 2,422	$ 2,792
Adjusted EBITDA[(1)]	303[(2)]	467	608	780	945
Adjusted Earnings Per Share[(3)(4)]	2.70	3.80	5.07	6.63	8.17
Unlevered Free Cash Flow[(5)]	35	86	256	408	541

(1) Adjusted EBITDA defined by II-VI management as earnings before interest, taxes, depreciation and amortization, plus stock-based compensation and certain one-time costs related to certain acquisition costs.

(2) A figure for FY19 adjusted EBITDA was not included in the II-VI projections made available by II-VI to Finisar and Barclays on or prior to October 23, 2018. Based on the II-VI projections made available by II-VI to Finisar and Barclays on or prior to October 23, 2018, Barclays calculated FY19 adjusted EBITDA of $303 million.

(3) Adjusted Earnings Per Share defined by II-VI management for FY19 as earnings per share, plus pre-tax amortization of intangibles, stock-based compensation, plus certain one-time costs related to certain acquisition costs. Adjusted Earnings Per Share defined by II-VI management for FY20 through FY23 as earnings per share, plus after tax amortization of intangibles, plus after tax amortization of non-cash convertible note discount, plus after tax stock-based compensation, plus after tax certain one-time costs related to certain acquisition costs.

(4) The Barclays Fairness Opinion II-VI projections have subtracted, from the adjusted EPS figures included in the II-VI projections made available by II-VI to Finisar and Barclays on or prior to October 23, 2018, amortization of non-cash convertible note discount of $0.15, $0.15, $0.15, and $0.02 per share for FY20, FY21, FY22 and FY23,

respectively.

(5) II-VI did not provide Barclays or Finisar with Unlevered Free Cash Flow figures. Barclays calculated Unlevered Free Cash Flow figures based on the II-VI projections made available by II-VI to Finisar and Barclays on or prior to October 23, 2018. Barclays calculated Unlevered Free Cash Flow as EBITA, minus

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taxes, plus depreciation, minus change in net working capital, minus capital expenditures. EBITA is calculated by subtracting depreciation from adjusted EBITDA.

Neither the II-VI projections nor the Barclays Fairness Opinion II-VI projections were prepared with a view to public disclosure and are included in this joint proxy statement/prospectus only because such information was made available, in whole or in part, for purposes of Barclays financial analysis and opinion (see The Merger Opinion of Finisar s Financial Advisor beginning on page 102 of this joint proxy statement/prospectus) and to the Finisar Board.

II-VI Combined Company Projections

In connection with its evaluation of the Merger, II-VI management prepared certain pro forma financial forecasts and unaudited prospective financial information relating to II-VI and Finisar as a combined company for the years ending June 30, 2020 through June 30, 2023, giving effect to the Merger, which are referred to in this section of this joint proxy statement/prospectus as the II-VI combined company projections. The II-VI combined company projections were provided to BofA Merrill Lynch for purposes of its financial analysis (see The Merger Opinion of II-VI s Financial Advisor beginning on page 112 of this joint proxy statement/prospectus). II-VI directed BofA Merrill Lynch to use and rely upon (and BofA Merrill Lynch accordingly used and relied upon) the II-VI combined company projections for purposes of its financial analysis. The II-VI Board also reviewed and considered the II-VI combined company projections at the meeting of the II-VI Board held on November 8, 2018.

The II-VI combined company projections reflect numerous assumptions and estimates that II-VI made in good faith in connection with the preparation of the adjusted Finisar projections and the II-VI management adjusted II-VI projections as more fully described in Adjusted Finisar Projections and II-VI Projections beginning on pages 122 and 123, respectively, of this joint proxy statement/prospectus. Additionally, the II-VI combined company projections reflect estimated cost synergies per year after completing the Merger due to increased operating efficiencies and leveraging economies of scale, which increase to approximately $150 million per year within 36 months of completing the Merger and thereafter.

It is important to note that certain items are not included in the II-VI combined company projections in any years. The intercompany revenue between II-VI and Finisar is not eliminated in the II-VI combined company projections. The II-VI combined company projections also do not include expenses related to stock-based compensation, historic amounts for acquired amortization, the costs of achieving the stated synergies, the non-cash portion of taxes, any of the income statement effects of Purchase Price Accounting including the inventory step up, amortization of intangibles and the appreciation of property, plant, and equipment, and any of the transaction fees of both companies related to the Merger including those to establish the financing. The unaudited and estimated amounts for the intercompany revenue elimination and the effects of the Purchase Price Accounting are shown in the unaudited pro forma condensed combined financial information as of June 30, 2018 in the section entitled Unaudited Pro Forma Condensed Combined Financial Information beginning on page 170 of this joint proxy statement/prospectus.

The following table presents a summary of the II-VI combined company projections:

	FY20	FY21	FY22	FY23
	(in millions, except per share amounts)			
Pro Forma Revenues[1]	$ 3,368	$ 3,903	$ 4,401	$ 4,852
Pro Forma Adjusted EBITDA[2]	856	1,157	1,403	1,587
Pro Forma Adjusted Net Income[3]	440	678	877	1,029
Pro Forma Adjusted Earnings Per Share[4]	4.41	6.63	8.44	9.77

(1) Pro Forma Revenues reflects the sum of Revenues per the II-VI management adjusted II-VI projections and Revenues per the adjusted Finisar projections. Does not include any intercompany revenue eliminations between Finisar and II-VI.

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(2) Pro Forma Adjusted EBITDA reflects the sum of Adjusted EBITDA per the II-VI management adjusted II-VI projections, Adjusted EBITDA per the adjusted Finisar projections and estimated cost synergies anticipated to be realized in each period.
(3) Pro Forma Adjusted Net Income reflects the sum of II-VI adjusted net income (calculated as net income plus amortization of intangibles, plus amortization of non-cash convertible note discount, plus stock-based compensation, plus certain one-time costs), Non-GAAP Net Income per the Finisar management projections (as adjusted by II-VI management to correspond with II-VI s fiscal year periods and for certain macroeconomic and industry trends), the estimated after-tax cost synergies anticipated to be realized in each period, and the impact of the interest from the anticipated financing for the Merger. These projections do not include stock compensation, amortization of non-cash convertible note discount (for this presentation only), historic amounts for acquired amortization, the costs of achieving the stated synergies, the non-cash portion of taxes, any of the income statement effects of Purchase Price Accounting including the inventory step up, amortization of intangibles and the appreciation of property, plant, and equipment, and any of the transaction fees of both companies related to the Merger including those to establish the financing.
(4) Pro Forma Adjusted EPS reflects Pro Forma Adjusted Net Income divided by the anticipated number of II-VI diluted shares outstanding after giving effect to the anticipated financing of the Merger and the redemption or repayment of the outstanding Finisar Convertible Notes (the latter for this presentation only).

Pro Forma Adjusted EBITDA, Pro Forma Adjusted Net Income and Pro Forma Adjusted Earnings Per Share, as presented above, are each a non-GAAP financial measure. This information was not prepared for public disclosure. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. Additionally, non-GAAP financial measures as presented by II-VI may not be comparable to similarly titled measures reported by other companies. In the view of II-VI s management, the II-VI combined company projections were prepared on a reasonable basis based on the information available to II-VI s management at the time of their preparation.

General

Neither II-VI nor Finisar generally publishes its business plans and strategies or makes external disclosures of its anticipated financial position or results of operations due to, among other reasons, the uncertainty of the underlying assumptions and estimates, other than, (i) in the case of II-VI, providing, from time to time, estimated ranges of certain expected financial results and operational metrics for the current year and certain future years in its regular earnings press releases and other investor materials and (ii) in the case of Finisar, providing, from time to time, estimated ranges of certain expected financial results and operational metrics for the current quarter in its regular earnings press releases and other investor materials.

The summaries of the parties respective projections included above are provided to give Finisar stockholders and II-VI shareholders access to certain non-public information that was made available to Finisar, II-VI and their respective boards of directors and financial advisors in connection with the parties evaluation of the Merger, and are not included in this joint proxy statement/prospectus to influence any Finisar stockholder or II-VI shareholder to make any investment decision with respect to the Merger or for any other purpose or to vote for or against the Merger Proposal or the Share Issuance Proposal, as applicable. The parties projections were, in general, prepared solely for internal use and are subjective in many respects and thus subject to interpretation. While presented with numerical specificity, the parties projections are estimates of future performance and not historical facts. The parties projections reflect numerous assumptions and estimates that the parties preparing such projections made in good faith at the time such projections were prepared with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the applicable party. These assumptions are inherently uncertain, were made as of the date the parties projections were prepared, and may not be reflective of

actual results, either since the date such projections were prepared, now or in the future, in light of changed circumstances, economic conditions, or other developments. Realization of such assumptions is inherently uncertain and may be beyond the control of Finisar, II-VI or their respective subsidiaries. Some or all of the assumptions that have been made regarding, among other

things, the timing of certain occurrences or impacts, may have changed since the date the parties projections were prepared. The parties projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Finisar or II-VI, as applicable. The inclusion of the parties projections in this joint proxy statement/prospectus should not be regarded as an indication that the boards of directors of Finisar or II-VI, advisors of Finisar or II-VI or any other person considered, or now considers, such projections to be material or to be a reliable prediction of actual results, and such projections should not be relied upon as such.

Important factors that may affect actual results and cause the parties projections not to be achieved include risks and uncertainties relating to Finisar s and II-VI s businesses (including their abilities to achieve their respective strategic goals, objectives and targets over applicable periods, industry conditions, the legal and regulatory environment, general business and economic conditions and other factors described under Risk Factors and Cautionary Statement Regarding Forward-Looking Statements beginning on pages 48 and 62, respectively, of this joint proxy statement/prospectus, as well as the risk factors with respect to Finisar s and II-VI s respective businesses contained in their most recent SEC filings, which you are urged to review, which may be found as described under Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus). In the view of Finisar s management, the Finisar management projections were prepared on a reasonable basis based on the information available to Finisar s management at the time of their preparation. In addition, the parties projections cover multiple future years, and such information by its nature is less reliable in predicting each successive year. The parties projections also do not take into account any circumstances or events occurring after the date on which they were prepared, and do not give effect to the transactions contemplated by the Merger Agreement, including the Merger. The parties projections also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in the parties projections. Accordingly, there can be no assurance that the parties projections will be realized or that actual results will not be significantly higher or lower than projected.

The parties projections were not prepared with a view toward complying with GAAP (including because certain metrics are non-GAAP measures as discussed above), the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Finisar s nor II-VI s independent registered public accounting firm, nor any other independent accountants, have compiled, examined, reviewed, audited, applied or performed any procedures with respect to either party s projections, nor has any of them expressed any opinion or any other form of assurance on either party s projections or the achievability of the results reflected in either party s projections, and none of them assumes any responsibility for, and each of them disclaims any association with, either party s projections. The reports of Finisar s and II-VI s independent registered public accounting firms incorporated by reference into this joint proxy statement/prospectus relate to Finisar s and II-VI s historical financial information, respectively, and no such report extends to either party s projections or should be read to do so. The parties projections include non-GAAP financial measures.

The inclusion of the parties respective projections in this joint proxy statement/prospectus should not be regarded as an indication that any of Finisar, II-VI or their respective affiliates, officers, directors, employees, advisors or other representatives considered either party s projections to be predictive of actual future events, and the parties respective projections should not be relied on as such. None of Finisar, II-VI or their respective affiliates, officers, employees, directors, advisors or other representatives can give you any assurance that actual results will not differ from the parties respective projections, and none of Finisar, II-VI or their respective affiliates, officers, employees or directors undertakes any obligation to update or otherwise revise or reconcile either party s projections to reflect circumstances existing after the date the parties respective projections were prepared or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the parties respective projections are not realized, shown to be in error or not be appropriate. Neither Finisar nor II-VI intends to publicly update or make any other

revision to either party s projections. None of Finisar, II-VI or any of their respective affiliates, officers, employees, directors, advisors or other representatives has made or makes any representation to any Finisar stockholder, II-VI shareholder or any other person regarding

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Finisar s or II-VI s ultimate performance compared to either party s projections or that the results reflected therein will be achieved. Neither Finisar nor II-VI has made any representation to the other, in the Merger Agreement or otherwise, concerning the parties respective projections. For the reasons described above, readers of this joint proxy statement/prospectus are cautioned not to place undue, if any, reliance on either party s projections.

Regulatory Approvals

General

Each of II-VI and Finisar has agreed to use its reasonable best efforts to cause the closing of the Merger to occur, which reasonable best efforts of II-VI include promptly opposing any motion or action for an injunction against the Merger, including any legislative, administrative or judicial action, and taking all steps necessary to have vacated, lifted, reversed, overturned, avoided, eliminated or removed any decree, judgment, injunction or other order that restricts, prevents or prohibits the consummation of the Merger or any other transactions contemplated by the Merger Agreement under the HSR Act, or other federal, state, local or foreign antitrust, competition, premerger notification or trade regulation laws, regulations or orders; provided that such efforts shall not require II-VI to make certain divestitures or agree to make certain divestitures or other limitations or take any other action that, individually or in the aggregate, would have a material adverse effect on II-VI and Finisar, taken as a whole, after the consummation of the transactions. See The Merger Agreement Efforts to Complete the Merger beginning on page 155 of this joint proxy statement/prospectus.

The obligation of each of II-VI and Finisar to effect the Merger is conditioned upon, among other things, (i) the expiration or early termination of the waiting period under the HSR Act relating opt the transactions contemplated by the Merger Agreement and (ii) receipt of all other consents, approvals, licenses, permits, certificates, orders or authorizations of any governmental authority under certain specified federal, state, local or foreign antitrust, competition, premerger notification or trade regulation laws, regulations or orders. See The Merger Agreement Conditions to Completion of the Merger beginning on page 160 of this joint proxy statement/prospectus.

Department of Justice, Federal Trade Commission and Other U.S. Antitrust Authorities

Under the HSR Act, certain transactions, including the Merger, may not be completed unless certain waiting period requirements have expired or been terminated. The HSR Act provides that each party must file a pre-merger notification with the FTC and the DOJ. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties filings of their respective HSR Act notification forms or the early termination of that waiting period. II-VI and Finisar have made the requisite filings.

At any time before or after the Merger is completed, the FTC or DOJ could take action under the antitrust laws in opposition to the Merger, including seeking to enjoin completion of the Merger, condition approval of the Merger upon the divestiture of assets of II-VI, Finisar or their respective subsidiaries or impose restrictions on II-VI s post-Merger operations. In addition, U.S. state attorneys general could take such action under the antitrust laws as they deem necessary or desirable in the public interest including, without limitation, seeking to enjoin completion of the Merger or permitting completion subject to regulatory concessions or conditions. Private parties also may seek to take legal action under the antitrust laws under some circumstances.

The State Administration for Market Regulation in China

Under the Anti-monopoly Law of the People s Republic of China of 2008 (as amended), transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the State

Administration for Market Regulation in China (SAMR). II-VI and Finisar have sufficient revenues in China to exceed the statutory thresholds, and completion of the Merger is therefore conditioned upon SAMR approval. II-VI and Finisar have made the requisite filing.

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The Federal Cartel Office of the Federal Republic of Germany

Under the German Act against Restraints of Competition of 1958 *(Gesetz gegen Wettbewerbsbeschränkungen)* (as amended), transactions involving parties with sales above certain revenue levels cannot be completed until they are either reviewed and approved by the Federal Cartel Office of the Federal Republic of Germany (FCO) or the relevant waiting periods have expired without the FCO having prohibited the Merger. II-VI and Finisar have sufficient revenues in Germany to exceed the statutory thresholds, and completion of the Merger is therefore conditioned upon either FCO approval or the expiration of the relevant waiting periods. II-VI and Finisar have made the requisite filing, which has been approved by the FCO.

The Mexican Federal Economic Competition Commission

Under the Mexican Federal Economic Competition Law of 2014 *(Ley Federal de Competencia Económica)* and its regulations *(Disposiciones Regulatorias de la Ley Federal de Competencia Económica)*, transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the Mexican Federal Economic Competition Commission (COFECE). II-VI and Finisar have sufficient revenues in Mexico to exceed the statutory thresholds, and completion of the Merger is therefore conditioned upon COFECE approval. II-VI and Finisar have made the requisite filing.

The Romanian Competition Council

Under the Romanian Competition Law no. 21/1996 *(Lege nr. 21 din 10 aprilie 1996 a Concurenței Republicare)* (as amended) and Regulation on Economic Concentrations approved by Romanian Competition Council Order No. 431/2017 *(Ordinul nr. 431/2017 pentru punerea în aplicare a Regulamentului privind concentrările economice)*, transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the Romanian Competition Council (RCC). II-VI and Finisar have sufficient revenues in Romania to exceed the statutory thresholds, and completion of the Merger is therefore conditioned upon RCC approval. II-VI and Finisar have made the requisite filing.

Other Governmental Approvals

Neither II-VI nor Finisar is aware of any material governmental approvals or actions that are required for completion of the Merger other than those described above. It is presently contemplated that if any such additional material governmental approvals or actions are required, those approvals or actions will be sought.

Timing; Challenges by Governmental and Other Entities

There can be no assurance that any of the regulatory approvals described above will be obtained and, if obtained, there can be no assurance as to the timing of any approvals, the ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. In addition, there can be no assurance that any of the governmental or other entities described above, including the DOJ, U.S. state attorneys general, state insurance regulators and private parties, will not challenge the Merger on antitrust or competition grounds and, if such a challenge is made, there can be no assurance as to its result.

Listing of II-VI Common Stock; Delisting and Deregistration of Finisar Common Stock

II-VI will file a notification of listing of additional shares (or such other form as may be required) with the Nasdaq Global Select Market, where II-VI Common Stock current is traded, with respect to the shares of II-VI Common

Stock to be issued in the Merger and cause such shares to be reserved for issuance to be approved for listing on the Nasdaq Global Select Market.

If the Merger is completed, Finisar Common Stock will be delisted from the Nasdaq Global Select Market and deregistered under the Exchange Act, and Finisar will no longer be required to file periodic reports with the SEC in respect of the Finisar Common Stock. Prior to the closing of the Merger, Finisar has agreed to cooperate with II-VI and use its commercially reasonable efforts to cause such delisting and deregistration.

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Appraisal Rights for Finisar Stockholders

Pursuant to Section 262 of the DGCL, a Finisar stockholder who chooses the Stock Election Consideration for his, her or its shares of Finisar Common Stock, but receives cash and II-VI Common Stock for such shares through the proration adjustment mechanism due to an oversubscription of the Stock Election Consideration, will be entitled to appraisal rights for such shares if such stockholder otherwise complies with the requirements of Section 262 of the DGCL. **APPRAISAL RIGHTS WILL NOT BE AVAILABLE TO FINISAR STOCKHOLDERS WHO FAIL TO MAKE AN ELECTION AND RECEIVE THE MIXED ELECTION CONSIDERATION OR TO FINISAR STOCKHOLDERS WHO CHOOSE THE CASH ELECTION CONSIDERATION OR THE MIXED ELECTION CONSIDERATION. THE ONLY CIRCUMSTANCES IN WHICH A FINISAR STOCKHOLDER MAY BE ENTITLED TO APPRAISAL RIGHTS IS IF SUCH STOCKHOLDER CHOOSES THE STOCK ELECTION CONSIDERATION BUT RECEIVES A COMBINATION OF CASH AND SHARES OF II-VI COMMON STOCK THROUGH THE PRORATION MECHANISMS.** Finisar stockholders who are entitled to appraisal rights and wish to exercise the right to seek an appraisal of their shares must not vote in favor of the Merger Proposal nor consent thereto in writing, must continuously hold their shares of Finisar Common Stock through the effective date of the Merger, must deliver to Finisar a written demand for appraisal prior to the date of the Finisar Special Meeting and must otherwise comply with the applicable requirements of Section 262 of the DGCL. The appraisal remedy is the right to seek appraisal of the fair value of shares of Finisar Common Stock, as determined by the Delaware Court of Chancery, if the Merger is completed. The fair value of shares of Finisar Common Stock as determined by the Delaware Court of Chancery could be greater than, the same as, or less than the value of the Merger Consideration that Finisar stockholders would otherwise be entitled to receive under the terms of the Merger Agreement.

The right to seek appraisal will be lost if a Finisar stockholder votes **FOR** the Merger Proposal. However, abstaining or voting against the Merger Proposal is not in itself sufficient to perfect appraisal rights because additional actions must also be taken to perfect such rights.

Finisar stockholders who wish to exercise the right to seek an appraisal of their shares must so advise Finisar by submitting a written demand for appraisal prior to the taking of the vote on the Merger Proposal at the Finisar Special Meeting, and must otherwise follow the procedures prescribed by Section 262 of the DGCL. These procedures are summarized in the section entitled Appraisal Rights beginning on page 215 of this joint proxy statement/prospectus. A person having a beneficial interest in shares of Finisar Common Stock held of record in the name of another person, such as a nominee or intermediary, must act promptly to cause the record holder to follow the steps required by Section 262 of the DGCL and in a timely manner to perfect appraisal rights. In view of the complexity of Section 262 of the DGCL, Finisar stockholders that may wish to pursue appraisal rights are urged to consult their legal and financial advisors. However, notwithstanding a Finisar stockholder s compliance with the DGCL, in perfecting appraisal rights, under Section 262 of the DGCL, assuming Finisar Common Stock remains listed on a national securities exchange immediately prior to the Effective Time, the Delaware Court of Chancery will dismiss any appraisal proceedings as to all stockholders who are otherwise entitled to appraisal rights unless (i) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of Finisar Common Stock, or (ii) the value of the consideration provided in the Merger for the total number of shares of Finisar Common Stock entitled to appraisal exceeds $1 million.

No Appraisal or Dissenters Rights for II-VI Shareholders

Under Pennsylvania law, as well as the governing documents of II-VI, II-VI shareholders are not entitled to appraisal or dissenters rights in connection with the Merger.

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Material U.S. Federal Income Tax Consequences

General

The following summary discusses the material U.S. federal income tax consequences of the Merger to holders of shares of Finisar Common Stock. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury regulations promulgated under the Code, administrative interpretations, and judicial decisions as in effect as of the date of this joint proxy statement/prospectus, all of which may change, possibly with retroactive effect.

This discussion addresses only the consequences of the exchange of shares of Finisar Common Stock held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). It does not address all aspects of U.S. federal income taxation that may be important to a Finisar stockholder in light of the Finisar stockholder s particular circumstances, or to a Finisar stockholder that is subject to special rules, such as:

a bank, thrift, insurance company, or other financial institution;

a mutual fund;

a tax-exempt organization;

a dealer or broker in securities;

a trader in securities that elects to use a mark-to-market method of accounting;

a person whose functional currency is not the U.S. dollar;

certain former citizens or residents of the United States;

a real estate investment trust or regulated investment company;

a Finisar stockholder that holds its shares of Finisar Common Stock through individual retirement or other tax-deferred accounts;

a Finisar stockholder that holds shares of Finisar Common Stock as part of a hedge, appreciated financial position, constructive sale, straddle, or conversion or integrated transaction;

a Finisar stockholder that acquired shares of Finisar Common Stock through the exercise of compensatory stock options or stock purchase plans or otherwise as compensation;

a controlled foreign corporation, passive foreign investment company, or corporation that accumulates earnings to avoid U.S. federal income tax; or

a person that is required to report income no later than when such income is reported on an applicable financial statement.

For purposes of this discussion, a U.S. holder means a beneficial owner of Finisar Common Stock that is for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any state therein or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (i) is subject to the primary supervision of a court within the United States and all the substantial decisions of which are controlled by one or more U.S. persons or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

A non-U.S. holder means a beneficial owner of Finisar Common Stock that is neither a U.S. holder nor a partnership for U.S. federal income tax purposes.

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If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of Finisar Common Stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partnership holding shares of Finisar Common Stock and a partner in such partnership should consult their tax advisor regarding the U.S. federal income tax consequences to them resulting from the Merger.

This discussion of material U.S. federal income tax consequences does not provide a complete analysis of all potential tax consequences of the Merger. This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any alternative minimum tax, any non-income tax (including the U.S. federal estate and gift tax laws) or any non-U.S., state or local tax consequences of the Merger or the potential application of the Medicare contribution tax on net investment income. **Accordingly, each Finisar stockholder should consult its tax advisor to determine the particular U.S. federal, state or local or non-U.S. income or other tax consequences to it of the Merger.**

U.S. Federal Income Tax Consequences to U.S. Holders

The receipt of cash, II-VI Common Stock, or both by U.S. holders in connection with the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a U.S. holder will recognize gain or loss in an amount equal to the difference, if any, between (i) the sum of (x) the amount of cash, including cash received in lieu of fractional shares, received in the Merger, and (y) the fair market value of the shares (at the Effective Time) of II-VI Common Stock received in the Merger (if any), and (ii) such U.S. holder s adjusted tax basis in its shares of Finisar Common Stock exchanged therefor. A U.S. holder s adjusted tax basis in Finisar Common Stock generally will equal the price the U.S. holder paid for such shares.

If a U.S. holder s holding period in the shares of Finisar Common Stock surrendered in the Merger is greater than one year as of the date of the Merger, the gain or loss will be long-term capital gain or loss. Long-term capital gains of certain non-corporate holders, including individuals, are generally subject to U.S. federal income tax at preferential rates. The deductibility of a capital loss recognized in connection with the Merger is subject to limitations under the Code. If a U.S. holder acquired different blocks of shares of Finisar Common Stock at different times or different prices, such U.S. holder must determine its adjusted tax basis and holding period separately with respect to each block of shares of Finisar Common Stock that it holds.

A U.S. holder s aggregate tax basis in its II-VI Common Stock received in the Merger will equal the fair market value of such shares at the Effective Time, and the U.S. holder s holding period for such shares will begin on the day after the Merger.

U.S. Federal Income Tax Consequences to Non-U.S. Holders

The receipt of cash, II-VI Common Stock, or both by non-U.S. holders in connection with the Merger generally will not be subject to U.S. federal income tax unless:

- the gain, if any, recognized by the non-U.S. holder is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to the non-U.S. holder s permanent establishment in the United States);

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the Merger and certain other conditions are met; or

the non-U.S. holder owned, directly or by attribution, more than 5% of the shares of Finisar Common Stock at any time during the five-year period preceding the Merger, and Finisar is or has been a U.S. real property holding corporation within the meaning of Section 897(c)(2) of the Code for U.S. federal income tax purposes at any time during the shorter of the five-year period preceding the Merger or the period that the non-U.S. holder held the shares of Finisar Common Stock.

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Gain described in the first bullet point above will be subject to tax on a net income basis in the same manner as if the non-U.S. holder were a U.S. holder (unless an applicable income tax treaty provides otherwise). Additionally, any gain described in the first bullet point above of a non-U.S. holder that is a corporation also may be subject to an additional branch profits tax at a 30% rate (or lower rate provided by an applicable income tax treaty). A non-U.S. holder described in the second bullet point above will be subject to tax at a rate of 30% (or a lower rate provided by an applicable income tax treaty) on any capital gain realized, which may be offset by U.S.-source capital losses recognized in the same taxable year. If the third bullet point above applies to a non-U.S. holder, capital gain recognized by such holder will be subject to tax at generally applicable U.S. federal income tax rates. Finisar believes that it has not been a U.S. real property holding corporation for U.S. federal income tax purposes at any time during the five-year period preceding the Merger.

Backup Withholding and Information Reporting

Payments made in exchange for shares of Finisar Common Stock (including cash paid in lieu of fractional shares) in connection with the Merger may be subject, under certain circumstances, to information reporting and backup withholding (currently at a rate of 24%). To avoid backup withholding, a U.S. holder that does not otherwise establish an exemption should complete and return an Internal Revenue Service (IRS) Form W-9, certifying under penalties of perjury that such U.S. holder is a United States person (within the meaning of the Code), that the taxpayer identification number provided is correct and that such U.S. holder is not subject to backup withholding.

A non-U.S. holder may be subject to information reporting and backup withholding (currently at a rate of 24%) in connection with payments (including cash paid in lieu of fractional shares) made in exchange for shares of Finisar Common Stock unless the non-U.S. holder establishes an exemption, for example, by completing the appropriate IRS Form W-8 for the non-U.S. holder, in accordance with the instructions thereto.

Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the U.S. federal income tax liability of a Finisar stockholder, provided the required information is timely furnished to the IRS. The IRS may impose a penalty upon a Finisar stockholder that fails to provide the correct taxpayer identification number.

FATCA

Pursuant to Sections 1471 through 1474 of the Code and related U.S. Treasury guidance commonly referred to as the Foreign Account Tax Compliance Act (FATCA), foreign financial institutions (which include most foreign hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities generally must comply with information reporting rules and due diligence requirements with respect to their U.S. account holders and investors or be subject to a withholding tax on U.S.-source payments made to them (whether received as a beneficial owner or as an intermediary for another party). A foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements and due diligence will generally be subject to a 30% withholding tax with respect to any withholdable payments. For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (*e.g.,* U.S.-source dividends). The FATCA withholding tax will apply even if the payment would otherwise not be subject to U.S. nonresident withholding tax (*e.g.,* because it is capital gain). Proposed regulations eliminate this withholding obligation with respect to gross proceeds from dispositions of U.S. common stock.

If FATCA withholding is imposed, a beneficial owner (other than certain foreign financial institutions) generally will be entitled to a refund of any amounts withheld by filing a U.S. federal income tax return and, in the case of a non-financial foreign entity, providing the IRS with certain information regarding its substantial U.S. owners (unless an exception applies). Non-U.S. holders are urged to consult with their own tax advisors regarding the effect, if any,

of the FATCA provisions to them based on their particular circumstances.

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Accounting Treatment of the Merger

In accordance with GAAP, II-VI will account for the Merger using the acquisition method of accounting, with II-VI being considered the acquirer of Finisar for accounting purposes. This means that II-VI will allocate the purchase price to the fair value of Finisar tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price, if any, being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually. The operating results of Finisar will be reported as part of the combined company beginning on the closing date of the Merger. The final valuation of the tangible and identifiable intangible assets acquired and liabilities assumed has not yet been completed. The completion of the valuation upon consummation of the Merger could result in significantly different amortization expenses and balance sheet classifications than those presented in II-VI s unaudited pro forma condensed combined financial information included in this joint proxy statement/prospectus

Description of Debt Financing

On November 8, 2018, in connection with its entry into the Merger Agreement, II-VI entered into the Commitment Letter, which was subsequently amended and restated on December 7, 2018 and on December 14, 2018. Subject to the terms and conditions set forth in the Commitment Letter, the Lending Parties have severally committed to provide 100% of up to $2.425 billion in aggregate principal amount of the II-VI Senior Credit Facilities, comprised of (i) a term a loan facility of up to $1.0 billion, a portion of which will be available after the closing of the Merger on a delayed draw basis, (ii) a term b loan facility of up to $975.0 million and (iii) a revolving credit facility of up to $450.0 million. II-VI currently intends to pay the cash portion of the aggregate Merger Consideration and pay related fees and expenses in connection with the Merger using the proceeds of draws under the II-VI Senior Credit Facilities and cash and short-term investments of II-VI and Finisar. II-VI currently does not intend to draw on the revolving credit facility in order to fund the cash portion of the aggregate Merger Consideration.

The Lead Arrangers obligation to provide the debt financing under the Commitment Letter is subject to customary conditions, including, without limitation, the following (subject to certain exceptions and qualifications as set forth in the Commitment Letter):

- the execution and delivery by all parties thereto of definitive documentation with respect to the II-VI Senior Credit Facilities;
- a substantially concurrent closing of the Merger with the closing under the II-VI Senior Credit Facilities;
- the receipt by the Lead Arrangers of certain specified financial statements of II-VI and Finisar; and
- the accuracy (subject to materiality standards set forth in the Commitment Letter) of certain specified representations and warranties in the Merger Agreement and in the definitive documents with respect to the II-VI Senior Credit Facilities.

The commitments of the Lead Arrangers with respect to the II-VI Senior Credit Facilities will automatically terminate at 11:59 p.m., New York City time, on the first to occur of (i) November 8, 2019 (unless the Merger occurs on or prior thereto), (ii) the date of closing of the Merger without the use of proceeds from the II-VI Senior Credit Facilities or

(iii) the date on which II-VI delivers written notice to terminate its obligations under the Merger Agreement pursuant to the terms thereof or the date that the Merger Agreement is terminated.

The documentation governing the II-VI Senior Credit Facilities has not been finalized and, accordingly, the actual terms of the II-VI Senior Credit Facilities may differ from those described herein or in the Commitment Letter as a result of the syndication process. Although the debt financing described in this joint proxy statement/prospectus is not subject to a due diligence or market out, such financing may not be considered assured. The obligation of the Lead Arrangers to provide the debt financing under the Commitment Letter is subject to a

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number of conditions. There is a risk that these conditions will not be satisfied and the II-VI Senior Credit Facilities may not be funded when required or at all. As of the date of this joint proxy statement/prospectus, no alternative financing arrangements have been made in the event the II-VI Senior Credit Facilities are not available, and any such alternative financing arrangements may not be available on acceptable terms, or at all, if the II-VI Senior Credit Facilities are not consummated.

Treatment of Finisar Convertible Notes

As of the date of this joint proxy statement/prospectus, Finisar has outstanding approximately $1.1 million aggregate principal amount of 2033 Notes and $575.0 million aggregate principal amount of 2036 Notes.

At the consummation of the Merger and pursuant to the Indentures, II-VI, the Surviving Corporation and the Trustee will enter into supplemental indentures to the Indentures. The respective supplemental indentures will comply with the applicable terms of the Indentures and will, among other things, provide that (y) at and after the Effective Time, the right to convert each $1,000 principal amount of the applicable Finisar Convertible Notes will be changed into a right to convert such principal amount of the applicable Finisar Convertible Notes into the weighted average of the types and amounts of consideration received by holders of Finisar Common Stock that affirmatively make an election to receive Cash Election Consideration, Stock Election Consideration or Mixed Election Consideration that a holder of a number of shares of Finisar Common Stock equal to the applicable conversion rate immediately prior to the consummation of the Merger would have owned or been entitled to receive in connection with the Merger (the Reference Property) and (z) II-VI fully and unconditionally guarantees, on a senior unsecured basis, the Finisar Convertible Notes.

Pursuant to the terms of the Indentures, consummation of the Merger will constitute a Fundamental Change and a Make Whole Fundamental Change. As a result, pursuant, and subject, to the terms and conditions of the Indentures, each holder of Finisar Convertible Notes will have the right, at such holder s option, to require Finisar (or its successor) to repurchase, at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to, but excluding, the repurchase date (the Merger Repurchase Date), any or all of such holder s Finisar Convertible Notes on the date specified by Finisar that is not less than 20 business days and not more than 35 business days after the date of Finisar s notice of consummation of the Merger delivered to holders of Finisar Convertible Notes pursuant to the terms of the Indentures (the Fundamental Change Notice). The Fundamental Change Notice must be delivered on or before the 20th business day after the Effective Time. Alternatively, pursuant, and subject, to the terms and conditions of the Indentures, all or any portion of a holder s Finisar Convertible Notes may be surrendered for conversion at any time from or after the date that is 25 scheduled trading days prior to the anticipated effective date of the Merger (or, if later, the business day after Finisar provides the notice of the effective date of the Merger) until (i) with respect to the 2033 Notes, the earlier of the redemption date discussed below and the Merger Repurchase Date and (ii) with respect to the 2036 Notes, the Merger Repurchase Date. Pursuant to the terms of the 2036 Notes Indenture, if a holder of 2036 Notes elects to convert its 2036 Notes in connection with the consummation of the Merger, then, pursuant, and subject, to the terms and conditions of the 2036 Notes Indenture, the conversion rate may be increased on such 2036 Notes.

Because the consummation of the Merger will constitute a Fundamental Change and a Make Whole Fundamental Change pursuant to the terms of the Indentures, holders of the Finisar Convertible Notes will be permitted to choose, pursuant, and subject, to the terms and conditions of the Indentures (i) to convert their Finisar Convertible Notes, (ii) to require Finisar to repurchase their Finisar Convertible Notes for a price equal to 100% of their principal amount, together with accrued and unpaid interest to, but excluding, the repurchase date, or (iii) to continue holding their Finisar Convertible Notes until maturity or until they are otherwise redeemed, repurchased, or converted pursuant to the terms of the applicable Indenture. Neither II-VI, Merger Sub, Finisar nor any of their respective affiliates or

representatives have made, or intend to make, any recommendation to any holder of Finisar Convertible Notes regarding this election.

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In addition, the 2033 Notes Indenture provides that at any time on or after December 22, 2018, Finisar may elect to redeem, in whole or in part, the outstanding 2033 Notes; provided, however, that a holder of 2033 Notes that are called for redemption that are also convertible pursuant to the terms and conditions of the 2033 Notes Indenture may, subject to the terms and conditions of the 2033 Notes Indenture, surrender those 2033 Notes for conversion at any time prior to the close of business on the business day preceding the redemption date. In the event any 2033 Notes are not otherwise redeemed, repurchased, or converted pursuant to the terms of the 2033 Notes Indenture prior to the consummation of the Merger, II-VI plans to cause the redemption of all 2033 Notes that are outstanding upon the consummation of the Merger in accordance with the terms of the 2033 Notes Indenture and any applicable supplemental indenture as promptly as practicable following the consummation of the Merger. Accordingly, II-VI expects that all such outstanding 2033 Notes will be redeemed on or about the 20th day following the consummation of the Merger.

The 2036 Notes Indenture provides that, other than in connection with a Fundamental Change as described above, holders of the 2036 Notes do not have an option to require Finisar to repurchase any 2036 Notes held by them until December 15, 2021. Finisar does not have an option to redeem, in whole or in part, outstanding 2036 Notes until December 22, 2021.

Litigation Relating to the Merger

As of January 17, 2019, six lawsuits have been filed by alleged Finisar stockholders challenging the Merger. The first complaint, a putative class action complaint, was filed by Herbert Hein in the Superior Court of California, County of Santa Clara, and is captioned *Hein v. Finisar Corporation, et al.*, 19CV340510. The second complaint, a putative class action complaint, was filed by Pete Tenvold in the United States District Court for the District of Delaware and is captioned *Tenvold v. Finisar Corporation, et al.*, 1:19-cv-00050. The third complaint, a putative class action complaint, was filed by Melvyn Klein in the United States District Court for the Northern District of California and is captioned *Klein v. Finisar Corporation, et al.*, 3:19-cv-00155. The fourth complaint, a putative class action complaint, was filed by Earl Wheby, Jr. in the United States District Court for the District of Delaware and is captioned *Wheby v. Finisar Corporation, et al.*, 1:19-cv-00064. The fifth complaint was filed by Pankaj Sharma individually in the United States District Court for the Northern District of California and is captioned *Sharma v. Finisar Corporation, et al.*, 3:19-cv-00220. The sixth complaint, a putative class action complaint, was filed by William Davis in the United States District Court for the Northern District of California and is captioned *Davis v. Finisar Corporation, et al.*, 3:19-cv-00271.

The complaints name as defendants Finisar and each member of the Finisar Board. In addition, the *Hein*, *Tenvold*, and *Klein* complaints name II-VI and Merger Sub as defendants. The *Hein*, *Tenvold*, *Klein*, *Wheby*, and *Davis* complaints seek relief on behalf of a putative class defined as all similarly situated Finisar stockholders.

The *Hein* complaint alleges that the Finisar Board breached its fiduciary duties to Finisar stockholders by purportedly engaging in an insufficient sales process, obtaining inadequate merger consideration, and filing a materially misleading preliminary proxy statement that does not include, among other things, material information regarding the sales process, financial projections for both Finisar and II-VI, and financial analyses conducted by their financial advisors. The *Hein* complaint further asserts that II-VI knowingly aided and abetted the Finisar Board in breaching their fiduciary duties to Finisar stockholders by entering into the proposed transaction. The *Hein* complaint seeks preliminary and permanent injunction of the proposed transaction unless the information requested by the plaintiff is disclosed, rescission and unspecified damages if the Merger is consummated, and attorneys fees and expert fees and costs.

The *Tenvold*, *Klein*, *Wheby*, *Sharma*, and *Davis* complaints purport to state claims for violations of Section 14(a) and 20(a) of the Exchange Act and Rule 14a-9 and, in the case of the *Davis* complaint, Regulation G promulgated thereunder. The plaintiffs in these actions generally allege that the preliminary proxy statement omits material information with respect to the proposed transaction which renders the preliminary proxy statement false and misleading. The plaintiffs in these actions seek an order enjoining the defendants from filing

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a definitive proxy statement with the SEC or otherwise disseminating a definitive proxy statement to Finisar stockholders or proceeding with closing the Merger unless and until the preliminary proxy statement is cured. In the event the Merger is consummated prior to entry of final judgment, the *Tenvold*, *Klein*, *Wheby*, and *Sharma* complaints seek rescission of the Merger or rescissory damages, and the *Tenvold*, *Klein*, *Wheby*, *Sharma*, and *Davis* complaints also seek unspecified damages, attorneys and expert fees, and expenses and costs. The defendants believe that the complaints are without merit.

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THE MERGER AGREEMENT

This section describes the material terms of the Merger Agreement. The description in this section and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as Annex A and is incorporated by reference into this joint proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. You are encouraged to read the Merger Agreement carefully and in its entirety. This section is not intended to provide you with any factual information about Finisar or II-VI. Such information can be found elsewhere in this joint proxy statement/prospectus and in the public filings Finisar and II-VI make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 223 of this joint proxy statement/prospectus.

Explanatory Note Regarding Representations, Warranties and Covenants in the Merger Agreement

The Merger Agreement is included to provide you with information regarding its terms. Factual disclosures about Finisar and II-VI contained in this joint proxy statement/prospectus or in the public reports of Finisar and II-VI filed with the SEC may supplement, update or modify the factual disclosures about Finisar and II-VI contained in the Merger Agreement. The representations, warranties and covenants made in the Merger Agreement by Finisar, II-VI and Merger Sub are qualified and subject to important limitations agreed to by Finisar, II-VI and Merger Sub in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with a purpose of establishing circumstances in which a party to the Merger Agreement may have the right not to consummate the Merger if the representations and warranties of the other party or parties prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties also may be subject to a contractual standard of materiality different from that generally applicable to shareholders or stockholders, as applicable, and reports and documents filed with the SEC and in some cases were qualified by the matters contained in the disclosure letters that Finisar and II-VI each delivered to each other in connection with the Merger Agreement, which disclosures were not reflected in the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this joint proxy statement/prospectus, may have changed since the date of the Merger Agreement.

Structure and Effects of the Merger

The Merger Agreement provides for the Merger, in which Merger Sub will be merged with and into Finisar, with Finisar surviving the Merger as a wholly-owned subsidiary of II-VI. At the Effective Time, the separate corporate existence of Merger Sub will cease, and the Surviving Corporation will continue its corporate existence under the laws of the State of Delaware and succeed to and assume all of the rights and obligations of Finisar and Merger Sub in accordance with the DGCL.

At the Effective Time, all of the property, rights, privileges, immunities, powers and franchises of Finisar and Merger Sub will vest in the Surviving Corporation, and all of the debts, liabilities and duties of Finisar and Merger Sub will become the debts, liabilities and duties of the Surviving Corporation.

At the Effective Time, the certificate of incorporation set forth as Exhibit A to the Merger Agreement and the bylaws set forth on Exhibit B to the Merger Agreement will be the certificate of incorporation and bylaws, respectively, of the Surviving Corporation, in each case, until amended in accordance with applicable law and the certificate of incorporation and bylaws, as applicable. At the Effective Time, the directors of Merger Sub and the officers of Finisar

immediately prior to the Effective Time will be the directors and officers, respectively, of the Surviving Corporation, in each case, until their successors are duly elected or appointed and qualified in accordance with the Surviving Corporation s certificate of incorporation, bylaws and applicable law.

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The Merger Agreement provides that, at the Effective Time, the II-VI Board will appoint three members of the Finisar Board as of November 8, 2018 to serve on the II-VI Board (the Finisar Designees). Each Finisar Designee will be mutually agreed upon by II-VI and Finisar, acting in good faith. In addition, the Corporate Governance and Nominating Committee of the II-VI Board previously will have reasonably approved the appointment of the Finisar Designees to the II-VI Board, which also will have previously recommended the appointment of the Finisar Designees to the full II-VI Board. The total number of directors on the II-VI Board at the Effective Time will be no more than 11 persons. As of the date hereof, the identity of the Finisar Designees has not been determined by II-VI and Finisar. Also at the Effective Time, the II-VI Board will have four committees, consisting of an Audit Committee, a Compensation Committee, a Subsidiary Committee and a Corporate Governance and Nominating Committee. Each such committee will include at least one Finisar Designee.

Completion and Effectiveness of the Merger

The Merger will be completed and become effective at such time as the certificate of merger for the Merger is duly filed with the Secretary of State of the State of Delaware (or at such later time as agreed to by Finisar and II-VI and specified in the certificate of merger for the Merger). Unless the parties otherwise mutually agree or the Merger Agreement is otherwise terminated pursuant to its terms, completion of the Merger will occur on the second business day following the later of the following:

- the satisfaction or, to the extent permissible under law, waiver of the conditions to the closing of the Merger set forth in the Merger Agreement (other than those conditions that by their terms are to be satisfied at the closing, but subject to the satisfaction or, to the extent permitted by law, waiver of such conditions at such time) described under The Merger Agreement Conditions to Completion of the Merger beginning on page 160 of this joint proxy statement/prospectus; and

- the earlier to occur of (i) any business day during the Marketing Period (as defined in the section entitled The Merger Agreement Financing beginning on page 156 of this joint proxy statement/prospectus) to be specified by II-VI to Finisar on no less than three business days prior written notice to Finisar and (ii) the business day following the last day of the Marketing Period, but in each case subject to the satisfaction or, to the extent permitted by applicable law, waiver of the conditions to the closing of the Merger set forth in the Merger Agreement.

As of the date of this joint proxy statement/prospectus, II-VI and Finisar expect that the Merger will be completed approximately in the middle of 2019. However, completion of the Merger is subject to the satisfaction or, to the extent permitted by applicable law, waiver of the conditions to closing of the Merger set forth in the Merger Agreement. There can be no assurances as to when, or if, the Merger will occur. If the Merger is not completed on or before the end date of November 8, 2019, either II-VI or Finisar may terminate the Merger Agreement, but such right to terminate the Merger Agreement after the end date will not be available to II-VI or Finisar, as applicable, if that party s failure to fulfill any of its obligations under the Merger Agreement has been a principal cause of or results in the failure of the Merger to occur by that time. See The Merger Agreement Conditions to Completion of the Merger and The Merger Agreement Termination of the Merger Agreement beginning on pages 160 and 161, respectively, of this joint proxy statement/prospectus.

Merger Consideration

At the Effective Time, each outstanding share of Finisar Common Stock issued and outstanding immediately prior to the Effective Time (other than Dissenting Stockholder Shares and Excluded Shares), will be converted into the right to receive, at the election of the holder of such share of Finisar Common Stock, (a) Cash Election Consideration, consisting of $26.00 in cash, without interest (subject to the proration adjustment procedures described in this joint proxy statement/prospectus), (b) Stock Election Consideration, consisting of 0.5546 validly issued, fully paid and non-assessable shares of II-VI Common Stock (subject to the proration adjustment procedures described in this joint proxy statement/prospectus), or (c) Mixed Election Consideration,

consisting of $15.60 in cash, without interest, and 0.2218 validly issued, fully paid and non-assessable shares of II-VI Common Stock; provided, that Finisar stockholders who are otherwise entitled to receive fractional shares of II-VI Common Stock as part of the Merger Consideration will receive cash in lieu of such fractional shares of II-VI Common Stock.

As further described below in the section entitled The Merger Agreement Election Procedures beginning on page 142 of this joint proxy statement/prospectus, and as provided in more detail in the Merger Agreement, holder of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating RSUs) will, until the Election Deadline, be entitled to elect to receive either Cash Election Consideration (a Cash Election), Stock Election Consideration (a defined above, a Stock Election), or Mixed Election Consideration (a Mixed Election), in exchange for each share of Finisar Common Stock held by him or her that was issued and outstanding immediately prior to the Effective Time (other than any Excluded Shares) (including with respect to such holder s Participating RSUs held by such holder prior to the Effective Time), subject to proration procedures described below and in further detail in the Merger Agreement. Holders entitled to make an election that fail to do so or that make an untimely election (or who otherwise are deemed not to have submitted an effective form of election) will be deemed to have elected for Mixed Election Consideration. The Exchange Agent has reasonable discretion to determine whether a Stock Election, Cash Election or Mixed Election has been properly made in respect of any shares of Finisar Common Stock (including with respect to Participating RSUs). For more information regarding the Election Deadline, see the section entitled The Merger Agreement Election Procedures beginning on page 142 of this joint proxy statement/prospectus.

Stock Elections and Cash Elections are subject to the proration adjustment procedures described in this joint proxy statement/prospectus to ensure that the aggregate Merger Consideration will consist of approximately 60% cash and approximately 40% II-VI Common Stock (with the II-VI Common Stock valued at the closing price as of November 8, 2018).

Proration may be applied in certain circumstances, including as follows:

If (i) the product of the number of Cash Electing Shares *multiplied by* the Cash Election Consideration (before giving effect to any proration adjustment) (the Cash Election Amount) exceeds (ii) the Available Cash Election Amount, then:

(A) all Stock Electing Shares will be converted into the right to receive the Stock Election Consideration (without further proration);

(B) all Mixed Consideration Shares will be converted into the right to receive the Mixed Election Consideration (without further proration); and

(C) the following consideration will be paid in respect of each Cash Electing Share:

an amount of cash equal to the quotient of (1) the Available Cash Election Amount *divided by* (ii) the number of Cash Electing Shares; and

a number of shares of II-VI Common Stock equal to the quotient of (1) the difference of the Available Stock Election Amount *less* the Stock Election Amount *divided by* (2) the number of Cash Electing Shares.

If the Available Cash Election Amount exceeds the Cash Election Amount, then:

(A) all Cash Electing Shares will be converted into the right to receive the Cash Election Consideration (without further proration);

(B) all Mixed Consideration Shares will be converted into the right to receive the Mixed Election Consideration (without further proration); and

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(C) the following consideration will be paid in respect of each Stock Electing Share:

an amount of cash equal to the quotient of (1) the difference of the Available Cash Election Amount *less* the Cash Election Amount *divided by* (2) the number of Stock Electing Shares; and

a number of shares of II-VI Common Stock equal to the quotient of (1) the Available Stock Election Amount *divided by* (2) the number of Stock Electing Shares.

The Available Cash Election Amount means (i) the product of $15.60 *multiplied by* the number of total outstanding shares of Finisar Common Stock as of the Effective Time (excluding the Excluded Shares, but including the number of Dissenting Stockholder Shares, Net Option Shares and Participating RSUs) *minus* (ii) the aggregate amount of cash to be paid in respect of all shares of Finisar Common Stock with respect to which either a Mixed Election was made and not revoked or with respect to which no election was made (together with the Mixed Election RSUs, the Mixed Consideration Shares) (assuming that all Dissenting Stockholder Shares and all Net Option Shares are Mixed Consideration Shares).

The Available Stock Election Amount means (i) the product of 0.2218 *multiplied by* the number of total outstanding shares of Finisar Common Stock as of the Effective Time (excluding the Excluded Shares, but including the number of Dissenting Stockholder Shares, Net Option Shares and Participating RSUs) *minus* (ii) the aggregate number of shares of II-VI Common Stock to be paid in respect of all Mixed Consideration Shares (assuming that all Dissenting Stockholder Shares and all Net Option Shares are Mixed Consideration Shares).

The Cash Election Amount means the product of (i) the number of Cash Electing Shares *multiplied by* (ii) the Cash Election Consideration (before giving effect to any proration adjustment pursuant to the Merger Agreement).

The Stock Election Amount means the product of (i) the number of Stock Electing Shares *multiplied by* (ii) the Stock Election Consideration (before giving effect to any proration adjustment pursuant to the Merger Agreement).

Election Procedures

II-VI has selected American Stock Transfer and Trust Company to serve as the Exchange Agent to, among other things, handle the exchange of shares of Finisar Common Stock for the Merger Consideration and any cash in lieu of fractional shares, in each case deliverable in respect thereof pursuant to the Merger Agreement.

At least 20 business days prior to the anticipated Election Deadline, II-VI will provide a form of election to each holder of record of shares of Finisar Common Stock (not including the Dissenting Stockholder Shares or the Excluded Shares, but including holders of Participating RSUs) of the procedure for exercising his, her or its right to make an election. To be effective, a form of election must be properly completed, signed and submitted to the Exchange Agent by the Election Deadline. The Election Deadline is 5:00 p.m., New York City time, on the date that the parties to the Merger Agreement agree is as near as practicable to two business days preceding the closing date of the Merger. Finisar may waive the Election Deadline so long as it is waived with respect to all holders entitled to make an election of Merger Consideration and the new election deadline is publicly disclosed to all such holders on a date agreed to by II-VI. In any event, II-VI must give its prior written consent to any such waiver.

Any holder entitled to make an election of Merger Consideration may, at any time prior to the Election Deadline, revoke such election by written notice that is sent to and received by the Exchange Agent prior to the Election Deadline accompanied by a properly completed and signed revised form of election. Any holder who has validly

revoked his, her or its Merger Consideration election and has not properly submitted a new duly completed form of election will be deemed to have made a Mixed Election. After an election is validly made, any

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subsequent transfer of shares will automatically revoke such election. The Exchange Agent will determine, in its reasonable discretion, whether any election is not properly made, changed or revoked with respect to any shares of Finisar Common Stock (including with respect to any Participating RSUs).

Exchange Procedures

At or immediately following Effective Time, II-VI will deposit, or cause to be deposited, with the Exchange Agent (i) certificates representing the shares of II-VI Common Stock to be issued as Stock Election Consideration (or appropriate alternative arrangements will be made by II-VI if uncertificated shares of II-VI Common Stock will be issued) and (ii) a cash amount in immediately available funds equal to the aggregate Cash Election Consideration (the Exchange Fund).

Promptly (but not later than two business days) after the Effective Time, II-VI will cause the Exchange Agent to send a customary letter of transmittal to each holder of record of a certificate representing shares of Finisar Common Stock for use in the exchange for the Merger Consideration, along with instructions for effecting the surrender of the certificates in exchange for the Merger Consideration. Upon surrender of certificates for cancellation to the Exchange Agent, and upon delivery of a letter of transmittal, duly executed and in proper form with respect to such certificates, and such other documents as may reasonably be required, the holder of such certificates will be entitled to receive the Merger Consideration (subject to the type of election with respect to such shares of Finisar Common Stock and after giving effect to any required tax withholdings) and any cash in lieu of fractional shares. Any holder of book-entry shares will, upon receipt by the Exchange Agent of an agent s message (or such other evidence, if any, of surrender as the Exchange Agent may reasonably request) be entitled to receive the Merger Consideration (subject to the type of election with respect to such shares of Finisar Common Stock and after giving effect to any required tax withholdings) and any cash in lieu of fractional shares.

As of the Effective Time, the stock transfer books of Finisar will be closed, and there will be no further registration of transfers on the stock transfer books of Finisar of the shares of Finisar Common Stock that were outstanding as of immediately prior to the Effective Time, other than registrations of transfers to reflect, with customary settlement procedures, trades effected prior to the Effective Time. If, after the Effective Time, certificates or book-entry shares are presented to the Surviving Corporation, II-VI or the Exchange Agent for any reason, they will be cancelled and, subject to the procedures set forth in the Merger Agreement, exchanged as provided in the Merger Agreement, except as otherwise required by law.

Any portion of the Exchange Fund (including any interest or income thereto) that remains undistributed for one year after the Effective Time will be returned to the Surviving Corporation upon its demand, and any holder of Finisar Common Stock who has not complied with the terms of the Merger Agreement relating to the election and exchange procedures for Merger Consideration may thereafter look only to the Surviving Corporation for payment of their claim for the Merger Consideration.

Lost, Stolen or Destroyed Shares

If any certificate for shares of Finisar Common Stock have been lost, stolen or destroyed, then, before a Finisar stockholder will be entitled to receive the Merger Consideration and any cash in lieu of fractional shares and any dividends and distributions on such certificate, in each case deliverable in respect thereof pursuant to the Merger Agreement, such stockholder will need to make an affidavit of that fact and, if required by II-VI, post a bond in such reasonable amount as II-VI may direct as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such certificate.

Dissenting Shares

Shares of Finisar Common Stock that are issued and outstanding immediately prior to the Effective Time which are held by a Finisar stockholder who has neither voted in favor of the Merger Proposal nor consented

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thereto in writing and who is entitled to demand, and has properly demanded, appraisal for such shares of Finisar Common Stock in accordance with, and who complies in all respects with, Section 262 of the DGCL (Dissenting Stockholder Shares) will not be converted into the right to receive the Merger Consideration. At the Effective Time, all Dissenting Stockholder Shares will instead be canceled and cease to exist, and the holders of Dissenting Stockholder Shares will only be entitled to the rights granted to them under the DGCL. If any such holder of Dissenting Stockholder Shares fails to perfect or otherwise withdraws or loses its right to appraisal under Section 262 of the DGCL, then such Dissenting Stockholder Shares will be deemed to have been converted, as of the Effective Time, into and will be exchangeable solely for the right to receive the Mixed Election Consideration for each such Dissenting Stockholder Share, without interest and subject to any withholding of taxes required by applicable law.

Treatment of Finisar Employee Stock Plans

Stock Options

At the Effective Time, each option granted pursuant to Finisar s 2005 Stock Incentive Plan (as such plan has been further amended and restated) (each, a Finisar Stock Option) (or portion thereof) that is outstanding and unexercised as of immediately prior to the Effective Time (whether vested or unvested) will be cancelled and terminated and converted into the right to receive an amount of Mixed Election Consideration that would be payable to a holder of such number of shares of Finisar Common Stock equal to the quotient of (i) the product of (a) the excess, if any, of $26.00 over the exercise price per share of such Finisar Stock Option *multiplied by* (b) the number of shares of Finisar Common Stock subject to such Finisar Stock Option, *divided by* (ii) $26.00 (the Net Option Shares).

The payment to each holder of a Finisar Stock Option will be made no later than Finisar s next payroll date immediately following the closing of the Merger and will be reduced by any applicable tax withholding. The applicable taxes required to be withheld from any such payment will reduce first the cash portion of such payment, with any remaining amount reducing the stock portion of such payment and with the value of any reduction of the stock portion for purposes of such deduction to be determined based on the volume weighted average price per share of II-VI Common Stock (rounded to the nearest cent) on the Nasdaq Global Select Market for the ten consecutive trading days ending on (and including) the third trading day immediately prior to the Effective Time. At or immediately following the Effective Time, II-VI will deposit, or will cause to be deposited, with Finisar, for the benefit of the holders of Finisar Stock Options, the cash portion of the total Mixed Election Consideration payable with respect to such holders in immediately available funds to be paid through Finisar s payroll systems.

Each Finisar Stock Option that is outstanding and unexercised as of immediately prior to the Effective Time (whether vested or unvested) with an exercise price per share that is in excess of $26.00 will be cancelled and extinguished at the Effective Time without any present or future right to receive any portion of the Merger Consideration or any other payment.

Restricted Stock Units

As of the Effective Time, each restricted stock unit granted pursuant to Finisar s 2005 Stock Incentive Plan (as such plan has been further amended and restated) (each, a Finisar Restricted Stock Unit) (or portion thereof) that is outstanding and subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock will, to the extent such Finisar Restricted Stock Unit vests in accordance with its terms in connection with the Merger (the Participating RSUs), be cancelled and extinguished and converted into the right to receive the Cash Election Consideration, the Stock Election Consideration or the Mixed Election Consideration at the election of the holder of such Participating RSUs, subject to the proration adjustment procedures described in this joint proxy statement/prospectus (as applicable, the Cash Election RSUs, the Stock Election RSUs or the Mixed Election RSUs).

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As of the Effective Time, each Finisar Restricted Stock Unit (or portion thereof) that is subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock but does not vest in accordance with its terms in connection with the Merger will be cancelled and extinguished without any right to receive the Merger Consideration or any other payment.

At the Effective Time, each Finisar Restricted Stock Unit (or portion thereof) that is outstanding and unvested and does not vest in accordance with its terms in connection with the Merger and is either (x) subject to time-based vesting requirements only or (y) subject to a performance-based vesting condition other than the value of Finisar Common Stock will be assumed by II-VI (each, an Assumed RSU). Each Assumed RSU will be subject to substantially the same terms and conditions as applied to the related Finisar Restricted Stock Unit immediately prior to the Effective Time, including the vesting schedule (and the applicable performance-vesting conditions in the case of a grant contemplated by clause (y) of the preceding sentence) and any provisions for accelerated vesting applicable thereto, except that the number of shares of II-VI Common Stock subject to each Assumed RSU will be equal to the product of (i) the number of shares of Finisar Common Stock underlying such unvested Finisar Restricted Stock Unit award as of immediately prior to the Effective Time *multiplied by* (ii) the sum of (a) 0.2218 *plus* (b) the quotient obtained by dividing (1) $15.60 *by* (2) the volume weighted average price per share of II-VI Common Stock (rounded to the nearest cent) on the Nasdaq Global Select Market for the ten (10) consecutive trading days ending on (and including) the third trading day immediately prior to the Effective Time (with the resulting number, rounded down to the nearest whole share). As soon as practicable after the Effective Time, II-VI will deliver to each holder of a Finisar Restricted Stock Unit that will be assumed by II-VI appropriate notices setting forth the number of shares of II-VI Common Stock subject to each Assumed RSU then held by such holder.

Finisar ESPP

Finisar has agreed to take such action as soon as practicable following the date of the Merger Agreement as may be necessary to: (i) cause any offering period (or similar period during which shares may be purchased) underway as of the date of the Merger Agreement under Finisar s 2009 Employee Stock Purchase Plan (the Finisar ESPP) to be the final offering period under the Finisar ESPP, and the current offering period underway to be terminated no later than the business day immediately preceding the anticipated closing date of the Merger (the Final Exercise Date); and (ii) cause each participant s outstanding purchase right under the Finisar ESPP to be exercised as of the Final Exercise Date. Accordingly, the purchase date for the current offering period under the Finisar ESPP will occur as scheduled in December 2018 and will follow the same guidelines as the prior purchases. No new offering periods will occur under the Finisar ESPP thereafter.

Representations and Warranties

The Merger Agreement contains substantially reciprocal representations and warranties of II-VI and Merger Sub, on the one hand, and Finisar, on the other hand, regarding, among other things:

- due organization, valid existence, good standing and qualification to do business, and corporate power and authority;
- ownership of subsidiaries and due organization, valid existence, good standing and qualification to do business, and corporate power and authority of subsidiaries;

capitalization;

corporate authorization of the Merger Agreement and the Merger (and the other transactions contemplated by the Merger Agreement) and the valid, binding and enforceable nature of the Merger Agreement;

the absence of any conflict with, violation or breach of, default (with or without notice or lapse of time or both) under, right of any material payment or material reimbursement, termination, cancellation,

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modification or acceleration of, or creation or imposition of any lien (other than permitted liens) upon any of the assets or properties of such party under any terms, conditions, or provisions of (i) any provision of such party s organizational or governance documents, (ii) laws or orders applicable to such party and its assets and properties, or (iii) any of such party s material contracts, in each case, based on the execution and delivery or performance of the Merger Agreement or the consummation of the transactions contemplated thereby;

required consents and approvals from governmental entities;

SEC filings and documents, the absence of material misstatements or omissions in such filings and documents, and compliance of such filings with legal requirements;

financial statements;

maintenance and effectiveness of internal controls and disclosure controls and procedures;

since June 30, 2018, in the case of II-VI, and April 29, 2018, in the case of Finisar, the absence of any II-VI Material Adverse Effect or Finisar Material Adverse Effect, respectively;

absence of off balance sheet arrangements, subject to certain exceptions;

absence of certain legal proceedings, investigations and governmental orders;

accuracy of information supplied or to be supplied for use in this joint proxy statement/prospectus;

brokers fees payable in connection with the transactions contemplated by the Merger Agreement;

permits and compliance with certain applicable laws and governmental orders;

intellectual property;

computer systems;

information technology;

employee benefit plan matters;

inapplicability of antitakeover statutes; and

non-reliance on extra-contractual representations and warranties of the other party.

In addition, Finisar has further made representations and warranties regarding, among other things:

taxes;

labor matters;

environmental matters;

real and personal property matters;

the vote required to approve the Merger Proposal;

the receipt of an opinion from its financial advisor;

insurance policies;

existence of and compliance with certain material contracts; and

compliance with anti-corruption and trade laws.

In addition, II-VI has further made representations and warranties regarding, among other things:

the entry into financing documentation and the availability of funds sufficient to pay the cash consideration to be paid by II-VI in connection with the Merger, all of its fees and expenses related to the Merger and any indebtedness required to be repaid, redeemed, retired, cancelled, terminated or otherwise satisfied in connection with the Merger;

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the solvency of II-VI and its subsidiaries on a consolidated basis after giving effect to the consummation of the Merger;

the ownership, capitalization, and operations of Merger Sub;

the absence of any beneficial ownership by II-VI, Merger Sub or any other II-VI subsidiary of any Finisar Common Stock or other securities of Finisar;

the due authorization and valid issuance of the shares of II-VI Common Stock to be issued in the Merger;

the vote required to approve the Share Issuance Proposal; and

the absence of certain arrangements.

Many of the representations and warranties in the Merger Agreement are qualified by a II-VI Material Adverse Effect or Finisar Material Adverse Effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct would have a II-VI Material Adverse Effect on II-VI or a Finisar Material Adverse Effect on Finisar), a general materiality standard and/or a knowledge standard.

A II-VI Material Adverse Effect on II-VI means any change, effect, event, occurrence or development (i) that has a material adverse effect on the business, financial condition or results of operations of II-VI and its subsidiaries, taken as a whole, or (ii) that would prevent II-VI or Merger Sub from consummating the transactions contemplated by the Merger Agreement, but excluding, in the case of clause (i) only, any of the foregoing resulting from the following:

changes in applicable law or international or national legal, political, legislative or regulatory conditions generally (in each case, to the extent not disproportionately affecting II-VI and its subsidiaries, taken as a whole);

changes in the economy or the financial, credit, securities or other capital markets or the industry or industries in which II-VI or any of its subsidiaries operates (in each case, to the extent not disproportionately affecting II-VI and its subsidiaries, taken as a whole);

any changes in GAAP or interpretations thereof after the date of the Merger Agreement (in each case, to the extent not disproportionately affecting II-VI and its subsidiaries, taken as a whole);

any weather-related or other force majeure event (including any man-made event) or outbreak or escalation of hostilities or acts of war, terrorism or sabotage (in each case, to the extent not disproportionately affecting II-VI and its subsidiaries, taken as a whole);

any changes or prospective changes in II-VI s stock price or trading volume, or the credit rating of II-VI or any failure in and of itself of such person to meet any internal or published projections, forecasts, estimates, budgets or predictions, whether in respect of revenues, earnings or other financial or operating metrics or other matters, provided that the exception in this clause will not prevent or otherwise affect a determination that any change, effect, event, occurrence or development underlying such failure has resulted in, or contributed to, a material adverse effect on II-VI or its subsidiaries, taken as a whole;

the negotiation, public announcement, pendency or consummation of the transactions contemplated by the Merger Agreement, including the Merger (including any related loss of customers, suppliers, officers or employees or other commercial relationships or any action taken or requirements imposed by any governmental authority in connection with the Merger or in connection with any other transactions contemplated by the Merger Agreement);

actions (or omissions) of II-VI and its subsidiaries taken (or not taken) with the prior consent of Finisar, or as required to comply with the terms of the Merger Agreement (other than any requirement to operate in the ordinary course of business); or

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any legal proceedings made or brought against II-VI arising out of the Merger or in connection with any other transactions contemplated by the Merger Agreement.

A Finisar Material Adverse Effect means any change, effect, event, occurrence or development (i) that has a material adverse effect on the business, financial condition or results of operations of Finisar and its subsidiaries, taken as a whole, or (ii) that would prevent Finisar from consummating the transactions contemplated by the Merger Agreement, but excluding, in the case of clause (i) only, any of the foregoing resulting from the following:

changes in applicable law or international or national legal, political, legislative or regulatory conditions generally (in each case, to the extent not disproportionately affecting Finisar and its subsidiaries, taken as a whole);

changes in the economy or the financial, credit, securities or other capital markets or the industry or industries in which Finisar or any of its subsidiaries operates (in each case, to the extent not disproportionately affecting Finisar and its subsidiaries, taken as a whole);

any changes in GAAP or interpretations thereof after the date of the Merger Agreement (in each case, to the extent not disproportionately affecting Finisar and its subsidiaries, taken as a whole);

any weather-related or other force majeure event (including any man-made event) or outbreak or escalation of hostilities or acts of war, terrorism, or sabotage (in each case, to the extent not disproportionately affecting Finisar and its subsidiaries, taken as a whole);

any changes or prospective changes in Finisar s stock price or trading volume, or the credit rating of Finisar, or any failure in and of itself of such person to meet any internal or published projections, forecasts, estimates, budgets or predictions, whether in respect of revenues, earnings or other financial or operating metrics or other matters, provided that the exception in this clause will not prevent or otherwise affect a determination that any change, effect, event, occurrence or development underlying such failure has resulted in, or contributed to, a material adverse effect on Finisar or its subsidiaries, taken as a whole;

the negotiation, public announcement, pendency or consummation of the transactions contemplated by the Merger Agreement, including the Merger (including any related loss of or other impact on customers, suppliers, officers or employees or other commercial relationships or any action taken or requirements imposed by any governmental authority in connection with the Merger or in connection with any other transactions contemplated by the Merger Agreement);

actions (or omissions) of Finisar or its subsidiaries taken (or not taken) with the prior consent of II-VI or as required to comply with the terms of the Merger Agreement (other than any requirement to operate in the ordinary course of business); or

any legal proceedings made or brought against Finisar arising out of the Merger or in connection with any other transactions contemplated the Merger Agreement.

The representations and warranties contained in the Merger Agreement will not survive the Effective Time.

Conduct of Business

Each of II-VI and Finisar has agreed to, and agreed to cause its respective subsidiaries to, between the date of the Merger Agreement and the earlier of the Effective Time and the termination of the Merger Agreement pursuant to its terms, (i) conduct its business in the ordinary course of business and in compliance with all applicable laws (except for such failures to comply as would not reasonably be expected to have a material adverse effect on such party) and (ii) use commercially reasonable efforts to (a) preserve intact in all material respects its current business units, entities and facilities, (b) keep available the services of its key officers and key employees and (c) preserve its relationships with governmental authorities, material customers, material suppliers and other persons having significant business dealings with such party.

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In addition, each of II-VI and Finisar has agreed not to take, nor permit any of their respective subsidiaries to take, certain actions between the date of the Merger Agreement and the earlier of the Effective Time and the termination of the Merger Agreement pursuant to its terms without the prior written consent of the other party, including the following (subject to exceptions described below or in the Merger Agreement, or as set forth in disclosure letters that were exchanged between II-VI and Finisar at the time they entered into the Merger Agreement):

amending or proposing to amend its certificate of incorporation or by-laws (and, with respect to Finisar, Finisar must cause each of its subsidiaries not to amend or propose to amend its certificates of incorporation or by-laws) (or other comparable organizational documents);

declaring, setting aside or paying any dividends on or making other distributions in respect of any of its capital stock or share capital;

splitting (including reverse splits), combining, reclassifying or taking similar action with respect to any of its capital stock or share capital or issuing or authorizing any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

adopting a plan of complete or partial liquidation or resolutions providing for or authorizing such liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

issuing, selling or delivering, or authorizing the issuance, delivery or sale of, any shares of its capital stock, other equity securities or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such capital stock or any such convertible securities;

making any changes in its accounting methods materially affecting the reported consolidated assets, liabilities or results of operations of such party, except as required by reason of (or, in the reasonable good-faith judgment of such party, advisable under) a change in law, GAAP or Regulation S-X promulgated under the Securities Act;

making or changing any material tax election, changing any material annual accounting period, adopting or changing any material method of tax accounting, filing any material income or other material amended tax return, entering into any material closing agreement, settling any material tax claim or assessment, surrendering any right to claim a material refund of taxes, offsetting a material tax liability, consenting to any extension or waiver of the limitations period applicable to any material tax claim or assessment, or incurring any material liability for taxes outside the ordinary course of business, failing to pay any material tax that becomes due and payable (including any estimated tax payments) or preparing or filing any material tax return in a manner inconsistent with past practice;

incurring, assuming or guaranteeing any indebtedness for borrowed money or issuing any debt securities (or other securities convertible into debt securities); or

authorizing, committing to take, or agreeing to take any of the forgoing actions.

Finisar has agreed not to take, nor permit any of its subsidiaries to take, certain actions between the date of the Merger Agreement and the earlier of the Effective Time and the termination of the Merger Agreement pursuant to its terms without the prior written consent of II-VI, including the following (subject to exceptions described below or in the Merger Agreement, or as set forth in disclosure letters that were exchanged between II-VI and Finisar at the time they entered into the Merger Agreement):

adopting a stockholder rights plan;

redeeming, repurchasing or otherwise acquiring any shares of its capital stock or options;

acquiring or agreeing to acquire (whether by merger, consolidation, purchase acquisition of equity interests or assets) any other person or any organization or division of any other person or any assets outside of the ordinary course of business;

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making of any capital expenditures (other than capital expenditures incurred in connection with the repair or replacement of facilities destroyed or damaged due to casualty or accident, and then only to the extent necessary to restore and resume ordinary course functions and operations disrupted as a result of such casualty or accident, and capital expenditures in an amount equal to Finisar s capital expenditure budget set forth in its disclosure letter to the Merger Agreement);

selling, leasing, licensing, assigning, transferring, granting any security interest in or other lien on, or disposing of any of its assets or properties if the aggregate value of all such dispositions exceeds, in the aggregate, $5,000,000 or any material intellectual property rights owned or purported to be owned by Finisar or the computer systems owned or leased by or licensed to Finisar;

making any loans or advances to any other person;

granting or incurring any liens (other than permitted liens) that are material to Finisar and its subsidiaries, taken as a whole;

redeeming, repurchasing or preparing (other than prepayments of revolving loans in the ordinary course of business and redemptions, repurchases or prepayments in accordance with the terms of any material contract of Finisar) or modifying in any material respect any indebtedness of the Finisar and its subsidiaries;

entering into, creating, adopting, materially amending or terminating any Finisar employee benefit plan, increasing in any manner the annual compensation or benefits of any director, executive officer or other employee of Finisar (except for normal increases for employees in the ordinary course of business consistent with past practice), paying any benefit or vesting or accelerating the funding of any payment or benefit not required by any plan or arrangement in effect as of the date of the Merger Agreement (except for salary, bonus, commission and other wage payments in the ordinary course of business consistent with past practice), or hiring or terminating (without cause) any officer, executive or employee (with annual base compensation exceeding $200,000) (except to replace a departing officer, executive or employee);

entering into, adopting, amending (in a manner adverse to Finisar or any of its subsidiaries), terminating or extending any collective bargaining contract, or any similar agreement with any union, works council or similar employee representative body;

making any widespread communication with the employees of Finisar or its subsidiaries, or making any commitments to any employees, in each case, regarding the compensation, benefits or other treatment they will receive in connection with the Merger, other than to accurately relay the treatment of the Finisar employee stock plans and the Finisar equity awards under the Merger (in each case consistent with the terms set forth in the Merger Agreement);

waiving, releasing, assigning, settling or compromising any claim, action or proceeding against Finisar or any of its subsidiaries;

commencing any claim, action or proceeding against any material customer, vendor or supplier where monetary damages are material to the relationship with such customer, vendor or supplier;

entering into any contract that, if in effect on the date of the Merger Agreement, would have constituted a material contract of Finisar under the Merger Agreement or a lease that is material to Finisar and its subsidiaries, taken as a whole, materially modifying, amending, terminating or waiving any material rights or material claims under any material contract of Finisar or any lease that is material to Finisar and its subsidiaries, taken as a whole (other than in the ordinary course of business consistent with past practice), or entering into a contract that contains a change of control provision that would reasonable be expected to prevent or materially delay or materially increase of the cost of consummating the Merger;

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making any material changes to any Finisar policies and notices relating to any nonpublic sensitive data relating to Finisar customers, privacy or the security of the computer systems owned or leased by Finisar or any of its subsidiaries;

failing to maintain or renew existing insurance policies in the ordinary course of business;

taking any action or otherwise permitting the amount of aggregate cash in the accounts of Finisar to fall below the amount required to fully redeem the 2036 Notes; or

authorizing, committing to take, or agreeing to take any of the forgoing actions.

In addition, II-VI has agreed not to take, nor permit any of its subsidiaries to take, certain actions between the date of the Merger Agreement and the earlier of the Effective Time and the termination of the Merger Agreement pursuant to its terms without the prior written consent of Finisar, including the following (subject to exceptions described below or in the Merger Agreement, or as set forth in disclosure letters that were exchanged between II-VI and Finisar at the time they entered into the Merger Agreement):

acquiring any other person or business or acquire a material amount of the stock or assets of any other person (other than the Merger), or make any investment in any other person that would be material to II-VI and its subsidiaries, taken as a whole, if such action would reasonably be expected to change in a materially adverse manner the nature of the business of II-VI conducted as of the date of the Merger Agreement;

engaging in any action or activity that would require II-VI to obtain the approval of its shareholder in connection with the consummation of the transactions contemplated by the Merger Agreement prior to the closing of the Merger other than the approval of the Share Issuance Proposal; or

authorizing, committing to take, or agreeing to take any of the forgoing actions.

No Solicitation of Alternative Proposals

Finisar has agreed that, from the date of the Merger Agreement until the earlier to occur of the Effective Time and the termination of the Merger Agreement pursuant to its terms, it will not, and will cause its subsidiaries not to, and will use commercially reasonable efforts to cause its and its subsidiaries respective representatives not to directly or indirectly:

solicit, initiate or knowingly encourage or knowingly facilitate any inquiries, offers or the making of any proposal or announcement that constitutes or would reasonably be expected to lead to any Finisar Takeover Proposal (defined below);

enter into, continue or otherwise participate in any negotiations or discussions with any third party (other than II-VI, Merger Sub or their respective representatives) regarding any Finisar Takeover Proposal or any inquiry, indication of interest, proposal or offer that would reasonably be expected to lead to a Finisar Takeover Proposal (other than to state that they are not permitted to engage in such discussions or negotiations);

furnish any nonpublic information regarding Finisar or any of its subsidiaries to any person (other than II-VI or Merger Sub or their respective representatives) in connection with or in response to any Finisar Takeover Proposal or any inquiry, indication of interest, proposal or offer that would reasonably be expected to lead to a Finisar Takeover Proposal;

release or consent to the release of any provision of any confidentiality, or similar provision of any agreement to which Finisar or any of its subsidiaries is a party;

approve any transaction under, or any person becoming an interested stockholder under, Section 203 of the DGCL; or

enter into a letter of intent, agreement in principle, memorandum of understanding, merger agreement, asset or share purchase or share exchange agreement, option agreement or confidentiality agreement

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(other than an acceptable confidentiality agreement under the terms of the Merger Agreement) contemplating or otherwise relating to a Finisar Takeover Proposal.

Notwithstanding the restrictions described above, if, prior to obtaining the requisite stockholder approval in connection with the Merger, Finisar receives an unsolicited, bona fide, written Finisar Takeover Proposal (that is not withdrawn) made after the date of the Merger Agreement that the Finisar Board concludes in good faith, after consultation with its financial advisor and outside legal counsel, constitutes or that such Finisar Takeover Proposal would reasonably be likely to lead to a Finisar Superior Proposal (defined below), then, subject to compliance with the Merger Agreement, Finisar may, directly or indirectly (including through any of its representatives) (i) furnish any information (including nonpublic information) and access relating to Finisar or any of its subsidiaries to, and/or (ii) enter into, engage and/or participate in discussions and/or negotiations with, any person (and such person s representatives) making such Finisar Takeover Proposal (subject to Finisar s compliance with its nonsolicitation obligations in the Merger Agreement, the Finisar Board s conclusion in good faith that, after consultation with its outside legal counsel, the failure to take such actions would be reasonably likely to be inconsistent with its fiduciary duties under applicable law, Finisar s receipt from such person of an acceptable confidentiality agreement under the terms of the Merger Agreement and Finisar promptly, and, in any event, within forty-eight (48) hours after making available nonpublic information concerning Finisar and its subsidiaries to the person making such Finisar Takeover Proposal, making available to II-VI and its representatives any nonpublic information concerning Finisar and its subsidiaries that is provided to such person or its representatives that was not previously made available to II-VI or its representatives. Finisar must also promptly (and in no event later than forty-eight (48) hours after receipt) notify II-VI in writing of the initial receipt of any Finisar Takeover Proposal after the date of the Merger Agreement but prior to the earlier of its receipt of the approval of the Merger Proposal and the termination of the Merger Agreement pursuant to its terms, which notice must include the identity of the person making the Finisar Takeover Proposal, the material terms thereof and a copy of any written proposal or definitive agreement relating to the Finisar Takeover Proposal received by Finisar or any of its subsidiaries or any of its or their representatives in connection therewith. Finisar must also keep II-VI reasonably informed of the status and material terms of any such Finisar Takeover Proposal and promptly, but in no event later than forty-eight (48) hours, after receipt of any written material amendment or written proposed amendment of any such Finisar Takeover Proposal, provide II-VI with a copy thereof. In the event any of Finisar s subsidiaries or representatives takes any action which, if taken by Finisar, would constitute a breach of its nonsolicitation obligations in the Merger Agreement, Finisar will be deemed to have breached such obligation.

A Finisar Takeover Proposal means any bona fide proposal, indication of interest or offer from any person or group (as defined in or under Section 13(d) of the Exchange Act) relating to (i) any direct or indirect acquisition or purchase of a business that constitutes or generates 25% or more of the net revenues or assets of Finisar and its subsidiaries, taken as a whole or any assets representing 25% or more of the consolidated assets of Finisar and its subsidiaries, taken as a whole, (ii) any direct or indirect acquisition or purchase of 25% or more of any outstanding class of voting or equity securities of Finisar or of any subsidiary of Finisar, (iii) any tender offer or exchange offer that if consummated would result in any person beneficially owning 25% or more of any outstanding class of voting or equity securities of Finisar or any of its subsidiaries, or (iv) any merger, consolidation, business combination, or other similar extraordinary transaction involving Finisar or any of its subsidiaries pursuant to which the holders of Finisar Common Stock immediately preceding such transaction hold, directly or indirectly, less than 75% of the outstanding voting or equity interests in the surviving or resulting entity of such transaction (in each case, other than the Merger).

A Finisar Superior Proposal means any written Finisar Takeover Proposal (that is not withdrawn) that the Finisar Board determines in good faith, after consultation with its financial advisor and outside legal counsel, (i) is reasonably likely to be consummated in accordance with its terms, and (ii) if consummated, would be more favorable to Finisar s stockholders, in their capacities as such, than the Merger from a financial point of view, taking into account all relevant financial, legal, regulatory, financing, certainty and timing of consummation aspects of such Finisar Takeover Proposal (including any changes to the financial or other terms of the Merger

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Agreement or the Merger proposed in writing by II-VI), except that all of the references to 25% and 75% in the definition of Finisar Takeover Proposal, will each be deemed to be a reference to 50% and 50%, respectively, for purposes of this definition of Finisar Superior Proposal.

Change of Finisar Board Recommendation

Finisar has agreed that, from the date of the Merger Agreement until the earlier to occur of the Effective Time and the termination of the Merger Agreement pursuant to its terms, neither the Finisar Board nor any committee thereof will (i) withdraw, amend or modify, or publicly propose to withdraw, amend or modify, the Finisar Board recommendation that Finisar stockholders adopt the Merger Agreement (the Finisar Board Recommendation) in a manner adverse to II-VI or (ii) approve, endorse, recommend or otherwise declare advisable (publicly or otherwise) or publicly propose to approve, endorse or recommend, or otherwise declare advisable any Finisar Takeover Proposal. We refer to the actions described in clauses (i) through (ii) of the previous sentence as a Finisar Change of Recommendation.

Notwithstanding the restrictions described above, the Finisar Board, at any time before the Finisar stockholders adopt the Merger Agreement, may effect a Finisar Change of Recommendation in response to (i) a written Finisar Takeover Proposal made to or received by Finisar after the date of the Merger Agreement that has not been withdrawn at the time of such determination and such Finisar Takeover Proposal did not result from a breach of Finisar s non-solicitation obligations or (ii) the occurrence and continuation of a Finisar Intervening Event (defined below), in each case only if the Finisar Board determines in good faith after consultation with its financial advisor and outside legal counsel that failure to take such action would reasonably be likely to constitute a breach of the Finisar Board s fiduciary duties under applicable law and, only in the case of a Finisar Takeover Proposal, that such Finisar Takeover Proposal constitutes a Finisar Superior Proposal.

In addition, the Finisar Board may not effect a Finisar Change of Recommendation unless:

Finisar provides II-VI three business days (the Recommendation Change Notice Period) prior written notice that the Finisar Board intends to take such action (a Recommendation Change Notice), which notice will, in the case of a Finisar Takeover Proposal, include the identity of the person making such Finisar Takeover Proposal, the material terms thereof and a copy of any written proposal or definitive agreement relating to such Finisar Takeover Proposal or, in the case of a Finisar Intervening Event, include a reasonable summary of the Finisar Intervening Event;

during the Recommendation Change Notice Period, Finisar will have discussed and negotiated in good faith with II-VI and its representatives, if requested by II-VI, any adjustments or modifications to the terms of the Merger Agreement or with respect to a new proposal from II-VI; and

at the end of the Recommendation Change Notice Period (and any subsequent Recommendation Change Notice Periods), in the case of a Finisar Takeover Proposal, the Finisar Board determines in good faith, after consultation with its financial advisor and outside legal counsel, that (i) such Finisar Takeover Proposal would continue to constitute a Finisar Superior Proposal (assuming the adjustments or modifications to the terms of the Merger Agreement proposed in writing by II-VI were to be given effect) and (ii) that the failure to take such action would reasonably be likely to constitute a breach of its fiduciary duties under applicable law or, in the case of a Finisar Intervening Event, II-VI will not have made a written offer or proposal

capable of being accepted by Finisar that the Finisar Board determines in good faith, after consultation with its financial advisor and outside legal counsel, would obviate the need for the Finisar Board to effect such Finisar Change of Recommendation.

Provided, however, that in the case of a Finisar Takeover Proposal, any material revision or amendment to the material terms of a Finisar Superior Proposal (including any change to the pricing or type of consideration thereof), or, in the case of a Finisar Intervening Event, any material change to the status of the Finisar Intervening Event, requires a new Recommendation Change Notice, except that the Recommendation Change Notice Period will be reduced to two (2) business days after the initial Recommendation Change Notice Period.

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A Finisar Intervening Event means (subject to exceptions in the Merger Agreement) a change, effect, event, occurrence or development that affects or would be reasonably likely to affect (i) the business, financial condition or continuing results of operations of Finisar and its subsidiaries, taken as a whole, or (ii) the benefits of the Merger to Finisar or the Finisar stockholders, in either case that (a) is material, individually or in the aggregate with any such other change, effect, event, occurrence or development, to Finisar and its subsidiaries, taken as a whole, or the Finisar stockholders, (b) is not known and is not reasonably foreseeable (or the material consequences of which are not known and not reasonably foreseeable), in each case, as of the date of the Merger Agreement and (c) does not relate to or involve any Finisar Takeover Proposal.

Change of II-VI Board Recommendation

Notwithstanding anything in the Merger Agreement to the contrary, the II-VI Board may, prior the approval of II-VI s shareholders of the Share Issuance Proposal, withdraw, amend or modify, or publicly propose to withdraw, amend or modify, its recommendation that II-VI shareholders approve the Share Issuance Proposal in a manner adverse to Finisar in connection with a II-VI Intervening Event (a II-VI Change of Recommendation) if (and only if):

a II-VI Intervening Event (as defined below) has occurred and is continuing;

the II-VI Board determines in good faith after consultation with its financial advisor and outside legal counsel that failure to take such action would reasonably be likely to constitute a breach of the II-VI Board s fiduciary duties under applicable law;

prior to taking such action, II-VI provides Finisar prior written notice equal to the Recommendation Change Notice Period that the II-VI Board intends to take such action (which notice shall include a reasonable summary of the II-VI Intervening Event);

during the Recommendation Change Notice Period, II-VI will have discussed and negotiated in good faith with Finisar and its representatives, if requested by Finisar, any adjustments or modifications to the terms of the Merger Agreement or with respect to a new proposal from Finisar; and

at the end of the Recommendation Change Notice Period (and any subsequent Recommendation Change Notice Period), Finisar has not made a written offer or proposal capable of being accepted by II-VI that the II-VI Board determines in good faith, after consultation with its financial advisor and outside legal counsel, would obviate the need for the II-VI Board to effect such II-VI Change of Recommendation.

A II-VI Intervening Event means a change, effect, event, occurrence or development that affects or would be reasonably likely to affect (i) the business, financial condition or continuing results of operations of II-VI and its subsidiaries, taken as a whole, or (ii) the benefits of the Merger to II-VI or the shareholders of II-VI, in either case that:

is material, individually or in the aggregate with any other such changes, effects, events, occurrences or developments, to II-VI and its subsidiaries, taken as a whole, or the shareholders of II-VI;

is not known and is not reasonably foreseeable (or the material consequences of which are not known and not reasonably foreseeable) as of the date of the Merger Agreement; and

does not relate to or involve any II-VI Takeover Proposal;

provided that (a) in no event will any action taken pursuant to the affirmative covenants relating to regulatory approvals, or the consequences of any such action, constitute, be deemed to contribute to or otherwise be taken into account in determining whether there has been a II-VI Intervening Event; (b) in no event will any change, effect, event, occurrence or development that would fall within any of the exceptions to the definition of II-VI Material Adverse Effect constitute, be deemed to contribute to or otherwise be taken into account in determining whether there has been a II-VI Intervening Event; and (c) in no event will certain other limited items agreed upon

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by the parties set forth in the II-VI disclosure letter to the Merger Agreement constitute, be deemed to contribute to or otherwise be taken into account in determining whether there has been a II-VI Intervening Event.

A II-VI Takeover Proposal means, other than the transactions contemplated by the Merger Agreement, any bona fide proposal, indication of interest or offer from any person or group (as defined in Section 13(d) of the Exchange Act) relating to:

- any direct or indirect acquisition or purchase of a business that constitutes or generates 25% or more of the net revenues or assets of II-VI and its subsidiaries, taken as a whole or any assets representing 25% or more of the consolidated assets of II-VI and its subsidiaries, taken as a whole (in any case contemplated by this clause, measured by the lesser of book or fair market value thereof as of the last day of II-VI s last fiscal year as of such time);

- any direct or indirect acquisition or purchase of 25% or more of any outstanding class of voting or equity securities of II-VI or of any subsidiary of II-VI;

- any tender offer or exchange offer that if consummated would result in any person beneficially owning 25% or more of any outstanding class of voting or equity securities of II-VI or any of its subsidiaries; or

- any merger, consolidation, business combination, or other similar extraordinary transaction involving II-VI or any of its subsidiaries pursuant to which the holders of the II-VI Common Stock immediately preceding such transaction hold, directly or indirectly, less than 75% of the outstanding voting or equity interests in the surviving or resulting entity of such transaction.

Efforts to Complete the Merger

Each of II-VI and Finisar has agreed to use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable under the Merger Agreement and applicable law to consummate and make effective the transactions contemplated by the Merger Agreement, including the Merger, and cause the satisfaction of all conditions to the completion of the Merger on or prior to November 8, 2019, except that:

- II-VI, its subsidiaries and its affiliates are not required to propose, commit, offer to commit or otherwise effect, by undertaking, consent decree, hold separate order or otherwise, to the sale, divestiture, license or disposition of any assets or businesses of II-VI or its subsidiaries or affiliates or of Finisar or its subsidiaries, or otherwise offer or commit to take any action that limits the freedom of action, ownership or control with respect to, or ability to retain or hold, any of the business, assets, product lines, properties or services of II-VI or its subsidiaries or affiliates or of Finisar or its subsidiaries, in each case, subject to limited exceptions; and

neither II-VI, its subsidiaries nor or its affiliates are required to agree to or take any action that, individually or in the aggregate, would have a material adverse effect on II-VI, Finisar and their respective subsidiaries, taken as a whole, following the consummation of the transactions contemplated by the Merger Agreement.

In addition to the other obligations described in this joint proxy statement/prospectus and the Merger Agreement, such reasonable best efforts also include the following:

filing or causing to be filed with the FTC and the DOJ the notification and report form, if any, required for the transactions contemplated by the Merger Agreement and any supplemental information requested in connection therewith pursuant to the HSR Act;

filing or causing to be filed comparable pre-merger notification filings, forms and submissions with any foreign governmental authority that may be required by the foreign antitrust, competition, premerger notification or trade regulation laws, regulations or orders;

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obtaining, and to cooperating in obtaining, all necessary consents, waivers and approvals under any material contracts or leases of Finisar with third parties to which Finisar or any of its subsidiaries is a party in connection with the Merger Agreement and the consummation of the transactions contemplated thereby (including the Merger) so as to maintain and preserve the benefits under such contracts following the consummation of the transactions contemplated thereby;

obtaining all actions or non-actions, waivers, consents, approvals, orders and authorizations from governmental authorities, necessary or appropriate to permit the consummation of the Merger and to provide, and cooperate in providing, notices to, and make or file, and cooperate in the making or filing of, registrations, declarations or filings with, third parties required to be provided prior to the Effective Time;

executing or delivering any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, the Merger Agreement;

opposing any motion or action for an injunction against the Merger, including any legislative, administrative or judicial action, and taking any and all steps necessary to have vacated, lifted, reversed, overturned, avoided, eliminated or removed any decree, judgment, injunction or other order that restricts, prevents or prohibits the consummation of the Merger or any other transactions contemplated by the Merger Agreement under any applicable laws; and

with respect to II-VI, promptly opposing any motion or action for a temporary, preliminary or permanent injunction against the Merger or any portion thereof, including any legislative, administrative or judicial action, and taking any and all steps necessary to have vacated, lifted, reversed, overturned, avoided, eliminated or removed any decree, judgment, injunction or other order (whether temporary, preliminary or permanent) that restricts, prevents or prohibits the consummation of the Merger or any other transactions contemplated by the Merger Agreement under the HSR Act or other applicable antitrust laws.

II-VI is also prohibited from knowingly taking any action (including the acquisition by it or its subsidiaries of any interest in any other entity that is material to II-VI and its subsidiaries that derives its revenues primarily from products, services or lines of business that compete with Finisar s products, services or lines of business) if such action would make it materially more likely that any consent, approval, license, permit, certificate, order or authorization of a governmental authority under any antitrust laws with respect to the consummation of the transactions contemplated by the Merger Agreement would not be obtained by November 8, 2019 (subject to certain limited exceptions).

Financing

Prior to the consummation of the Merger, each of II-VI and Merger Sub have agreed to use their respective reasonable best efforts to (and to cause their respective subsidiaries to use their reasonable best efforts to):

take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary to arrange, obtain and consummate the debt financing described in the Commitment Letter on the terms and conditions described therein;

maintain in full force and effect the debt financing commitment set forth in the Commitment Letter until the consummation of the transactions contemplated by the Merger Agreement and to materially comply with its obligations thereunder;

negotiate and enter into definitive agreements with respect to, and including as contemplated in, the Commitment Letter on the terms and conditions (including flex provisions, if applicable) contained in the Commitment Letter or, if available, on other terms that are, in the aggregate, not materially less favorable to II-VI than the terms and conditions contained in the Commitment Letter and in any event do not contain Prohibited Terms (defined below);

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satisfy (or, if deemed advisable by II-VI, in its sole discretion, seek a waiver of) on a timely basis all conditions to funding in the Commitment Letter (other than any condition where the failure to be so satisfied is a direct result of Finisar s failure to furnish information required to be furnished by it pursuant to the Merger Agreement);

comply with its and their obligations under the Commitment Letter in all material respects, not take or fail to take any action that would result in a failure of any of the conditions in the Commitment Letter or in any definitive agreement related to the debt financing contemplated by the Commitment Letter prevent or impede or delay or make less likely the availability of such debt financing;

fully pay, or cause to be fully paid, all commitment or other fees arising pursuant to the debt financing commitment contemplated by the Commitment Letter as and when they become due; and

if all conditions to the debt financing commitment contemplated by the Commitment Letter have been satisfied, draw the full amount of the debt financing and cause the debt financing parties to fund the debt financing required to consummate the transactions contemplated by the Merger Agreement upon the terms set forth therein on the closing date of the Merger.

II-VI may not agree to any amendments or modifications to, or grant any waivers of, any condition or other provision under the Commitment Letter without the prior written consent of Finisar to the extent such amendments, modifications or waivers would:

reduce the aggregate amount of cash proceeds available from the debt financing such that such cash proceeds, together with the financial resources of II-VI and its affiliates, including cash on hand and the proceeds of loans under existing credit facilities of II-VI or its subsidiaries on the closing date of the Merger, in the aggregate, are insufficient to fund the amounts required to be paid by II-VI or Merger Sub under the Merger Agreement and the other transactions contemplated by the Merger Agreement;

impose new or additional conditions or amend, modify or expand existing conditions precedent as compared to those in the Commitment Letter as in effect on the date of the Merger Agreement in each case in a manner that would materially delay or prevent the funding of the debt financing;

adversely affect the ability of II-VI to enforce its rights against other parties to the Commitment Letter or the definitive documentation governing the II-VI Senior Credit Facilities as so amended, replaced, supplemented or otherwise modified, relative to the ability of II-VI to enforce its rights against such other parties to the Commitment Letter as in effect on the date of the Merger Agreement;

otherwise prevent, or materially impede, impair or delay, the closing of the Merger; or

affect II-VI s ability to consummate the transactions contemplated by the Merger Agreement on the terms contemplated by the Merger Agreement (collectively, the Prohibited Terms).

II-VI or Merger Sub will give Finisar prompt notice of the receipt of any written notice or other written communication from any debt financing party with respect to any:

actual or alleged in writing material breach or default, termination or repudiation by any party to the Commitment Letter or any definitive document related to the debt financing or any provisions of the debt financing commitment contemplated by the Commitment Letter or any definitive document related thereto; or

of any termination, expiration, or waiver, amendment or other modification of the debt financing commitment set forth in the Commitment Letter.

If any portion of the debt financing contemplated by the Commitment Letter becomes unavailable on the terms and conditions contemplated thereby (including flex provisions, if applicable), and such portion is required to fund any portion of the aggregate cash consideration to be paid by II-VI in connection with the Merger and

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any fees, expenses and other amounts contemplated to be paid by II-VI, Merger Sub or the Surviving Corporation pursuant to the Merger Agreement (taking into account the cash on hand and other proceeds available to II-VI and its subsidiaries), II-VI and Merger Sub will use their reasonable best efforts to arrange and obtain in replacement thereof alternative financing from alternative sources in an amount sufficient to consummate the transactions contemplated by the Merger Agreement on terms that do not contain any Prohibited Terms, it being understood that if II-VI proceeds with any alternative financing, II-VI will be subject to the same obligations with respect to such alternative financing as set forth in the Merger Agreement with respect to the debt financing; provided, however that if Finisar is then currently seeking specific performance or injunctive relief pursuant to the Merger Agreement to cause the consummation of the Merger, the restriction on including Prohibited Terms in such alternative financing at such time shall not apply. II-VI will deliver to Finisar true, correct and complete copies of all agreements pursuant to which any source has committed to provide such alternative financing.

Any reference to (1) the debt financing includes any such alternative financing, (2) the Commitment Letter include the commitment letter (including any related exhibits, schedules, annexes, supplements and other related documents) and the corresponding fee letter with respect to any such alternative financing, and (3) the debt financing parties includes the financing institutions contemplated to provide any such alternative financing.

The debt financing is not a condition to the consummation of the Merger.

Employee Benefits Matters

II-VI will, and will cause the Surviving Corporation to, provide to each employee of Finisar as of immediately prior to the Effective Time with:

- for a period of 12 months following the Effective Time, a base salary or wage rate, commission and target annual cash incentive opportunity, and severance benefits that are not materially less, in the aggregate, than the base salary or wage rate, commission and target annual cash incentive opportunity, and severance benefits provided to such Finisar employee immediately before the Effective Time; and

- for a period of 12 months following the Effective Time or, if sooner, until all obligations thereunder have been satisfied, all of the employment, severance, change in control, retention and termination plans and agreements maintained by the Finisar or any of its subsidiaries in effect at the Effective Time.

II-VI will use commercially reasonable efforts to ensure that each employee of Finisar as of immediately prior to the Effective Time receives full credit (for all purposes, including eligibility to participate, vesting, vacation entitlement and severance benefits, but excluding benefit accrual) for service with Finisar and its subsidiaries (or predecessor employers) under each of the comparable employee benefit plans, programs and policies of II-VI, the Surviving Corporation or the relevant subsidiary, as applicable, in which such Finisar employee becomes a participant after the closing of the Merger, except where such service recognition would result in any duplication of benefits.

From and after the closing of the Merger, II-VI will use commercially reasonable efforts to, or use commercially reasonable efforts to cause the Surviving Corporation or relevant subsidiary to, credit to employees of Finisar as of immediately prior to the Effective Time the amount of vacation time that such employees had accrued under any applicable Finisar employee benefit plan as of the closing of the Merger.

For each health or welfare benefit plan maintained by II-VI, the Surviving Corporation or the relevant subsidiary for the benefit of any employees of Finisar as of immediately prior to the Effective Time, II-VI will use commercially reasonable efforts to (i) cause to be waived any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such plan and (ii) cause each such Finisar employee to be given credit under such plan for all amounts paid by such Finisar

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employee under any similar Finisar employee benefit plan for the plan year in which the closing of the Merger occurs for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the applicable plan maintained by II-VI, the Surviving Corporation or the relevant subsidiary, as applicable, for such plan year.

Other Covenants and Agreements

The Merger Agreement contains certain other covenants and agreements, including covenants relating to:

- cooperation by Finisar and its subsidiaries in connection with II-VI s preparation of any pro forma financial statements of II-VI required to be filed under Form 8-K of the Exchange Act in connection with the Merger;
- cooperation between II-VI and Finisar in the preparation of this joint proxy statement/prospectus;
- establishing the records dates for, duly calling, giving notice of and convening the II-VI Special Meeting and Finisar Special Meeting for the purpose of obtaining, among other things, the approval of the Share Issuance Proposal and the Merger Proposal, respectively;
- confidentiality and access by each party to certain information about the other party during the period prior to the Effective Time;
- with respect to II-VI, certain indemnification obligations to current and former directors and officers of Finisar;
- responsibility for fees and expenses incurred in connection with the Merger;
- cooperation between II-VI and Finisar in connection with press releases and other public announcements with respect to the Merger or the Merger Agreement;
- cooperation between II-VI and Finisar in the defense or settlement of any litigation brought by its shareholders or stockholders, respectively, relating to the Merger;
- with respect to Finisar, taking all reasonable steps intended to cause any dispositions of shares of Finisar Common Stock (including derivative securities with respect to such shares) resulting from the Merger by each director and officer of Finisar who is subject to reporting requirements under Section 16(a) of the Exchange Act to be exempt under Rule 16b-3 under the Exchange Act;

with respect to II-VI, taking all reasonable steps intended to cause any acquisitions of shares of II-VI Common Stock (including derivative securities with respect to such shares) resulting from the Merger by each individual that may become subject to the reporting requirements under Section 16(a) of the Exchange Act with respect to II-VI in connection with the Merger to be exempt under Rule 16b-3 under the Exchange Act;

with respect to II-VI filing a notification of listing of additional shares (or such other form as may be required) by II-VI with the Nasdaq Global Select Market, where II-VI Common Stock currently is traded, with respect to the shares of II-VI Common Stock to be issued in the Merger and causing the shares of II-VI Common Stock to be issued in the Merger to be reserved for issuance in connection with the Merger to be approved for listing on the Nasdaq Global Select Market, subject to official notice of issuance;

with respect to II-VI, certain obligations with respect to salaries, wages and benefits of certain Finisar employees; and

cooperation by Finisar with II-VI and Finisar s use of commercially reasonable efforts to cause the delisting of Finisar Common Stock from the Nasdaq Global Select Market and the termination of the Finisar s registration of the Finisar Common Stock under the Exchange Act as soon as practicable following the Effective Time.

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Conditions to Completion of the Merger

The obligations of II-VI, Merger Sub and Finisar to effect the Merger are subject to the satisfaction or waiver of each of the following conditions:

- the affirmative vote of the holders of a majority of the outstanding shares of Finisar Common Stock entitled to vote on the Merger Proposal will have been obtained;

- the affirmative vote of at least a majority of the votes that all II-VI shareholders present at the II-VI Special Meeting, in person or by proxy, are entitled to cast (assuming a quorum is present) for the Share Issuance Proposal will have been obtained;

- the absence of any temporary restraining order or preliminary or permanent injunction preventing, prohibiting, enjoining or rendering illegal the consummation of the Merger, and the absence of applicable law of a governmental authority of competent jurisdiction prohibiting or rendering illegal the consummation of the Merger;

- any applicable waiting period (or extensions thereof) under the HSR Act relating to the transactions contemplated by the Merger Agreement will have expired or been terminated and all pre-closing approvals or clearances required thereunder will have been obtained;

- all other consents, approvals, licenses, permits, certificates, orders or authorizations described under the heading The Merger Regulatory Approvals beginning on page 129 of this joint proxy statement/prospectus having been obtained (or been deemed to have been obtained by virtue of the expiration or termination of any applicable waiting period);

- the SEC declaring effective this joint proxy statement/prospectus and the absence of any stop order suspending the effectiveness of this joint proxy statement/prospectus, and no proceedings for such purpose having been initiated by the SEC; and

- the approval of the shares of II-VI Common Stock issuable in connection with the Merger for listing on the Nasdaq Global Select Market, subject to official notice of issuance.

In addition, the obligations of Finisar to effect the Merger are further subject to the satisfaction or waiver of each of the following conditions:

- (i) the representations and warranties of II-VI and Merger Sub set forth in the Merger Agreement relating to capital structure will be true and correct (without giving effect to any limitation as to materiality or II-VI Material Adverse Effect set forth therein) except for de minimis inaccuracies, (ii) the representations and

warranties of II-VI and Merger Sub set forth in the Merger Agreement relating to the organization and qualifications, corporate authority, brokers, ownership of Finisar capital stock and voting requirements will be true and correct (without giving effect to any limitation as to materiality or II-VI Material Adverse Effect set forth therein) in all material respects and (iii) each of the other representations and warranties of II-VI and Merger Sub set forth in the Merger Agreement will be true and correct (without giving effect to any limitation as to materiality or II-VI Material Adverse Effect set forth therein, excluding for this purpose the representation that, except for the actions contemplated by the Merger Agreement, since June 30, 2018 through the date of the Merger Agreement, there has not been any change, event or development that, individually or in the aggregate, has had, or would reasonably be expected to have, a II-VI Material Adverse Effect) except where the failure of such other representations and warranties to be so true and correct does not have, and would not reasonably be expected to have, individually or in the aggregate, a II-VI Material Adverse Effect, in the case of clauses (i) through (iii), as of the closing date of the Merger, as if made on and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date);

the performance in all material respects of all obligations required to be performed by II-VI and Merger Sub under the Merger Agreement at or prior to the Effective Time;

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the receipt by Finisar of a certificate signed by an executive officer of II-VI, dated the closing date of the Merger, to the effect that the conditions described in the immediately preceding two bullets have been satisfied;

the absence of any change, effect, event, occurrence or development that, individually or in the aggregate, has had or would reasonably be expected to have a II-VI Material Adverse Effect as of the Effective Time; and

II-VI, Finisar and the Trustee will have entered into supplemental indentures to the 2033 Notes Indenture and the 2036 Notes Indenture.

In addition, the obligations of each of II-VI and Merger Sub to effect the Merger are further subject to the satisfaction or waiver of each of the following conditions:

(i) the representations and warranties of Finisar set forth in the Merger Agreement relating to capital stock will be true and correct (without giving effect to any limitation as to materiality or Finisar Material Adverse Effect set forth therein) except for de minimis inaccuracies, (ii) the representations and warranties of Finisar set forth in the Merger Agreement relating to corporate authority, voting requirements, antitakeover provisions and brokers will be true and correct (without giving effect to any limitation as to materiality or Finisar Material Adverse Effect set forth therein) in all material respects, and (iii) each of the other representations and warranties of Finisar set forth in the Merger Agreement will be true and correct (without giving effect to any limitation as to materiality or Finisar Material Adverse Effect set forth therein, excluding for this purpose the representation that, except for the actions contemplated by the Merger Agreement, since April 29, 2018 through the date of the Merger Agreement, there has not been any change, event or development that, individually or in the aggregate, has had, or would reasonably be expected to have, a Finisar Material Adverse Effect) except where the failure of such other representations and warranties to be so true and correct does not have, and would not reasonably be expected to have, individually or in the aggregate, a Finisar Material Adverse Effect, in the case of clauses (i) through (iii), as of the closing date of the Merger Agreement, as if made on and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date);

the performance in all material respects of all obligations required to be performed by Finisar under the Merger Agreement at or prior to the Effective Time;

the absence of any change, effect, event, occurrence or development that, individually or in the aggregate, has had or would reasonably be expected to have a Finisar Material Adverse Effect as of the Effective Time;

the receipt by II-VI of a certificate signed by an executive officer of Finisar, dated the closing date of the Merger, to the effect that the conditions described in the immediately preceding three bullets have been satisfied; and

the delivery by Finisar to II-VI on the closing date of the Merger of a certificate of Finisar certifying that an interest in Finisar does not constitute a U.S. real property interest within the meaning of Section 897 of the Code and the Treasury Regulations promulgated thereunder and a related notice to the Internal Revenue Service.

Termination of the Merger Agreement

The Merger Agreement may be terminated and the Merger abandoned at any time before the Effective Time under the following circumstances:

by mutual written agreement of II-VI and Finisar;

by either II-VI or Finisar, in the event any law or order of any governmental authority restraining, enjoining or otherwise prohibiting or making illegal the consummation of the Merger becomes final

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and non-appealable; provided that the party seeking to terminate the Merger Agreement for this reason has not failed to comply with its obligations under the Merger Agreement in a manner that has been a principal cause of or resulted in the imposition of such law or order;

by either II-VI or Finisar, in the event that the Merger is not consummated by November 8, 2019; provided, that the party seeking to terminate the Merger Agreement for this reason has not failed to fulfill any of its obligations under the Merger Agreement in a manner that has been a principal cause of or resulted in the failure of the Merger to occur on or before November 8, 2019;

by II-VI, prior to the adoption of the Merger Proposal, in the event that (i) the Finisar Board has failed to include the recommendation that the Finisar stockholders adopt the Merger Proposal in this joint proxy statement/prospectus in and after filing the initial joint proxy statement/prospectus, (ii) the Finisar Board has effected a Finisar Change of Recommendation, whether or not permitted by the terms of the Merger Agreement, or (iii) Finisar has willfully breached in any material respect its non-solicitation obligations under the Merger Agreement; provided that II-VI exercises such right of termination within the earlier of 15 business days after II-VI obtains actual knowledge of the action contemplated by the foregoing clauses (i), (ii) or (iii) and the day immediately preceding the day of the Finisar Special Meeting;

by Finisar, in the event of a breach of any of the (i) covenants or agreements or (ii) representations or warranties set forth in the Merger Agreement by II-VI or Merger Sub that, in either case, individually or in the aggregate, would result in the failure of any of the conditions of both party s obligations to effect the Merger or of Finisar s obligations to effect the Merger to be satisfied as if such time were the closing of the Merger, and that is not curable prior to November 8, 2019 or, if curable prior to November 8, 2019, is not cured within the earlier of 30 days following written notice to II-VI thereof or November 8, 2019; provided that Finisar is not then in material breach of any of the its representations, warranties, covenants or agreements set forth in the Merger Agreement; provided further that Finisar may not exercise this termination right in respect of any such breach at any time during such 30 day period, if applicable, and at any time after such 30 day period if such breach is cured within such 30 day period;

by II-VI, in the event of a breach of any of the (i) covenants or agreements or (ii) representations or warranties set forth in the Merger Agreement by Finisar that, individually or in the aggregate, would result in the failure of any of the conditions of either party s obligations to effect the Merger or of II-VI s obligations to effect the Merger to be satisfied as if such time were the closing of the Merger, and that is not curable prior to November 8, 2019 or, if curable prior to November 8, 2019, is not cured within the earlier of 30 days following written notice to Finisar thereof or November 8, 2019; provided neither II-VI nor Merger Sub is then in material breach any of their respective representations, warranties covenants or agreements set forth in the Merger Agreement; provided further that II-VI may not exercise this termination right in respect of any such breach at any time during such 30 day period, if applicable, and at any time after such 30 day period if such breach is cured within such 30 day period;

by Finisar or II-VI, in the event that either: (i) the Finisar Special Meeting has been held, the Merger Proposal has been submitted to the Finisar stockholders for approval at the Finisar Special Meeting, and the Merger Proposal has not been adopted; or (ii) the II-VI Special Meeting has been held, the Share Issuance

Proposal has been submitted to the II-VI shareholders for approval at the II-VI Special Meeting, and the Share Issuance Proposal has not been obtained;

by Finisar, at any time prior to the adoption of the Merger Proposal, in order to enter into a written definitive agreement with respect to a Finisar Superior Proposal in accordance with terms of the Merger Agreement; provided that Finisar pays to II-VI or its designee in immediately available funds, immediately prior to or substantially concurrently with such termination, the Finisar Termination Fee (defined below) pursuant to the terms of the Merger Agreement; or

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by Finisar, prior to the adoption of the Share Issuance Proposal, in the event that (i) the II-VI Board has failed to include the recommendation that the II-VI shareholders adopt the Share Issuance Proposal in this joint proxy statement/prospectus in and after filing the initial joint proxy statement/prospectus or (ii) the II-VI Board has effected a II-VI Change of Recommendation, whether or not permitted by the terms of the Merger Agreement; provided, that Finisar exercises such right of termination within the earlier of 15 business days after Finisar obtains actual knowledge of the action contemplated by the foregoing clauses (i) or (ii) and the day immediately preceding the day of the II-VI Special Meeting.

If the Merger Agreement is terminated in accordance with its terms, the Merger Agreement will become void and have no effect, without any liability to any person on the part of any party, except that the termination of the Merger Agreement will not relieve any party from any liability or damages for a material breach that is a consequence of an act or a failure to act of the party taking such act or failing to take such act with the actual knowledge that the taking of such act or the failure to take such act would cause, or would reasonably be expected to cause, a breach of any representation, warranty, agreement or covenant of the breaching party contained in the Merger Agreement. The provisions of the Merger Agreement relating to indemnity and reimbursement in connection with II-VI s debt financing, confidentiality, fees and expenses, effects of termination thereof, termination fees, governing law, specific performance, waiver of jury trial and certain other provisions of the Merger Agreement, as well as the confidentiality agreement entered into between II-VI and Finisar, will survive any termination of the Merger Agreement.

Fees and Expenses and Termination Fees

Except as provided below, all fees and expenses incurred in connection with the Merger, whether or not the Merger is consummated, the Merger Agreement and the transactions contemplated thereby will be paid by the party incurring such fees or expenses.

Finisar has agreed to pay II-VI a termination fee of $105,200,000 if:

II-VI terminates the Merger Agreement because (i) the Finisar Board fails to include the recommendation that the Finisar stockholders adopt the Merger Proposal in this joint proxy statement/prospectus, (ii) the Finisar Board effects a Finisar Change of Recommendation (whether or not permitted by the Merger Agreement) or (iii) Finisar willfully breaches in any material respect its non-solicitation obligations under the Merger Agreement, and II-VI exercises this termination right within the earlier of (1) 15 business days after it obtains actual knowledge of the applicable cause for termination and (2) the day immediately preceding the Finisar Special Meeting; or

Finisar terminates the Merger Agreement in order to enter into a written definitive agreement with respect to a Finisar Superior Proposal in accordance with terms of the Merger Agreement.

In addition, Finisar has agreed to pay II-VI a termination fee of $105,200,000 if both (i) the Merger Agreement is terminated pursuant to its terms:

by II-VI or Finisar because the Merger is not consummated by November 8, 2019, and Finisar was not entitled to terminate the Merger Agreement as a result of any breach of any of the covenants or agreements or any of the representations or warranties set forth in the Merger Agreement by II-VI or Merger Sub that, individually or in the aggregate, would result in the failure of any of the conditions of either party s

obligations to effect the Merger or of Finisar s obligations to effect the Merger to be satisfied as if such time were the closing of the Merger;

by II-VI, in the event of a breach of any of the (i) covenants or agreements or (ii) representations or warranties set forth in the Merger Agreement by Finisar that, in either case, individually or in the aggregate, would result in the failure of any of the conditions of either party s obligations to effect the Merger or of II-VI s obligations to effect the Merger to be satisfied as if such time were the closing of the Merger, and that is not curable prior to November 8, 2019 or, if curable prior to November 8, 2019,

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is not cured within the earlier of 30 days following written notice to Finisar thereof or November 8, 2019; provided that neither II-VI nor Merger Sub is then in material breach of any of their respective representations, warranties, covenants or agreements set forth in the Merger Agreement; provided further that II-VI may not exercise this termination right in respect of any such breach at any time during such 30 day period, if applicable, and at any time after such 30 day period if such breach is cured within such 30 day period; or

by Finisar or II-VI because the Finisar Special Meeting shall have been held, the Merger Proposal shall have been submitted to the Finisar stockholders for approval at the Finisar Special Meeting, and the Merger Proposal shall not have been adopted;

and (ii) (a) following the execution and delivery of the Merger Agreement and prior to the Finisar Special Meeting (in the case of any termination pursuant to the first or third paragraphs above) or prior to the breach that forms the basis for the termination of the Merger Agreement (in the case of any termination pursuant to the second paragraph above), a Finisar Takeover Proposal is publicly announced or became publicly known (in the case of any termination pursuant to the first or third paragraph above) or is communicated or otherwise known to Finisar (in the case of any termination pursuant to the second paragraph above), (b) at the time of the Finisar Special Meeting (in the case of any termination pursuant to the first or third paragraph above) or at the time of the breach that forms the basis for the termination of the Merger Agreement (in the case of any termination pursuant to the second paragraph above), such Finisar Takeover Proposal shall be pending and not have been withdrawn and (b) within 12 months after such termination Finisar enters into a written definitive agreement providing for the consummation of a Finisar Takeover Proposal or consummates such Finisar Takeover Proposal, except that all references to 25% and 75% in the definition of Finisar Takeover Proposal shall be substituted with 50%.

II-VI has agreed to pay Finisar a termination fee of $105,200,000 if (i) Finisar terminates the Merger Agreement because:

the II-VI Board fails to include the recommendation that the II-VI shareholders adopt the Share Issuance Proposal in this joint proxy statement/prospectus; or

the II-VI Board has effected a II-VI Change of Recommendation;

and (ii) Finisar exercises this termination right within the earlier of (1) 15 business days after it obtains actual knowledge of the applicable cause for termination and (2) the day immediately preceding the II-VI Special Meeting.

Amendments, Extensions, Waivers and Consents

The Merger Agreement may be amended by the parties at any time prior to the Effective Time if such amendment is in writing and signed by each party to the Merger Agreement, except that (i) after the adoption of the Merger Proposal or Share Issuance Proposal, no amendment may be made that requires further approval of the Finisar stockholders or II-VI shareholders, as applicable, by law or in accordance with the rules of any relevant stock exchange without such approval and (ii) no amendment, modification, waiver or termination of certain provisions of the Merger Agreement may be effected in a manner that is adverse to the debt financing parties without the prior written consent of the arrangers of the debt financing for the purpose of funding the transactions contemplated by the Merger Agreement.

At any time prior to the Effective Time, a party may (i) extend the time for the performance of any of the obligations or other acts of the other party or parties, (ii) waive any breach or inaccuracies in the representations and warranties of the other party or parties contained in the Merger Agreement or in any document delivered pursuant to the Merger Agreement or (iii) waive compliance by the other parties with any of the agreements or conditions contained in the Merger Agreement. Any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party.

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No Third Party Beneficiaries

The Merger Agreement is not intended to confer, and does not confer, on you or any other person, other than II-VI, Merger Sub and Finisar, any rights or remedies, except (i) the rights to indemnification and continuing maintenance after the completion of the Merger of directors and officers liability insurance coverage, (ii) after the Effective Time, the rights of former Finisar stockholders, holders of Finisar Restricted Stock Units and holders of Finisar Stock Options to receive the Merger Consideration or such other treatment as provided for pursuant to the terms of the Merger Agreement and (iii) certain provisions enforceable by the debt financing parties.

Specific Performance

II-VI and Finisar have agreed that irreparable damage would occur and that they would not have any adequate remedy at law in the event that any of the provisions of the Merger Agreement were not performed in accordance with their specific terms or were otherwise breached. II-VI and Finisar have further agreed that in the event of any breach or threatened breach by any other party of any covenant or obligation in the Merger Agreement, the non-breaching party will be entitled to an injunction to prevent breaches of their Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement. In no event will Finisar or its representatives be entitled to seek specific performance of the Merger Agreement or the debt financing against the debt financing parties.

Governing Law

The Merger Agreement is governed by Delaware law, except all matters relating to the interpretation, construction, validity and enforcement against any of the debt financing parties and each of their respective affiliates, related parties and representatives in any way relating to the Commitment Letter and related fee letters or the performance thereof or the financings contemplated thereby, will, except as expressly provided in the Commitment Letter, be governed by New York law.

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INTERESTS OF FINISAR S DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

In considering the recommendation of the Finisar Board that Finisar stockholders vote to adopt the Merger Agreement, you should be aware that aside from their interests as Finisar stockholders, Finisar s directors and executive officers have interests in the Merger that may be different from, or in addition to, those of Finisar stockholders generally. Members of the Finisar Board were aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger, and in recommending to Finisar stockholders that the Merger Agreement be adopted. For more information see the sections entitled The Merger Background of the Merger and The Merger Finisar s Reasons for the Merger; Recommendations of the Finisar Board. These interests are described in more detail below, and certain of them are quantified in the narrative below and in the section entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers Golden Parachute Compensation beginning on page 189.

Treatment of Outstanding Finisar Equity Awards

Awards of Finisar Restricted Stock Units that are subject to performance-based vesting requirements (Performance-Based RSUs or PRSUs), awards of Finisar Restricted Stock Units that vest over time based solely on the holder s continued service with Finisar (Time-Based RSUs), and Finisar Stock Options that are held by Finisar s executive officers (i.e., Michael Hurlston, Joseph Young, Todd Swanson, Kurt Adzema, Dr. Julie Eng and Christopher Brown) and outstanding immediately prior to the Effective Time will be treated in the same manner as those Finisar equity awards held by other employees of Finisar. This treatment of Finisar equity awards is described below and in the section titled The Merger Agreement Treatment of Finisar Employee Stock Plans beginning on page 144.

Performance-Based RSUs. At the Effective Time, each award of Performance-Based RSUs that is then outstanding and is subject to a performance-based vesting condition that relates solely to the value of Finisar Common Stock will vest as to a number of shares determined under the terms of the award as described below and will be cancelled and converted into the right to receive the form of Merger Consideration elected by the holder of such Performance-Based RSU award.

Under the terms of these Performance-Based RSU awards, the total number of Finisar Restricted Stock Units subject to the award is allocated equally to 16 quarterly vesting dates commencing on August 5, 2018 and ending May 5, 2022. The number of Finisar Restricted Stock Units that vest on each vesting date (if any) is determined based on the average of the closing prices for Finisar Common Stock during the last ten trading days of the most recently completed fiscal quarter before the vesting date (the Average Stock Price) as follows:

Average Stock Price as of Last Day of Prior Fiscal Quarter	Vesting Percentage for PRSUs Allocated to Applicable Vesting Date
Below $22.50	0%
At least $22.50 and Less Than $27.00	33 1/3%
At least $27.00 and Less Than $31.50	66 2/3%
At least $31.50	100%

The $22.50, $27.00 and $31.50 stock price targets represent increases of 25%, 50% and 75%, respectively, over the closing price of Finisar Common Stock on the date the awards were granted (which was $18.00). In addition to the quarterly vesting described above, the Performance-Based RSU awards include an annual true-up feature so that on

the May 5 vesting date for each of 2019, 2020, and 2021, an additional number of Finisar Restricted Stock Units will vest equal to the excess (if any) of (i) the aggregate number of Finisar Restricted Stock Units that would have been vested on that May 5 vesting date and the immediately preceding August 5, November 5 and February 5 vesting dates if the Average Stock Price determined as of each such vesting date had been the same as the Average

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Stock Price for the May 5 vesting date, over (ii) the aggregate number of Finisar Restricted Stock Units that actually vested on each of those four vesting dates as determined under the table above. The awards also provide for a final true-up calculation on the May 5, 2022 vesting date so that an additional number of Finisar Restricted Stock Units will vest on that date equal to the excess (if any) of (i) the aggregate number of Finisar Restricted Stock Units that would have been vested over all 16 vesting dates for the award if the Average Stock Price determined as of each such vesting date had been the same as the Average Stock Price for the May 5, 2022 vesting date, over (ii) the aggregate number of Finisar Restricted Stock Units that actually vested on each of those 16 vesting dates as determined under the table above and the annual true-up vesting provisions described above.

In addition, if a change of control of Finisar occurs before May 5, 2022 and while the executive is still employed with Finisar, the Average Stock Price will be calculated for the period of 10 trading days prior to the change in control, and the award will vest on the change in control as to the number of Finisar Restricted Stock Units that would have vested on each of the remaining scheduled vesting dates under the award (taking into account any true-up provision that would have applied during that period) based on the greater of that Average Stock Price or $22.50.

Each of the Performance-Based RSU awards held by Finisar s executive officers is subject to vesting based on Finisar s stock price as described above. For purposes of quantifying the value of these awards at the Effective Time, Finisar has assumed that the awards would vest upon the closing of the Merger as to one-third of the total number of Finisar Restricted Stock Units subject to the award (i.e., based on a per-share value for Finisar Common Stock of at least $22.50 and less than $27.00). Finisar has also granted a small number of Performance-Based RSU awards that are subject to performance goals other than stock price to employees who are not executive officers. These awards will generally be subject to the same treatment as Time-Based RSU awards described below.

Time-Based RSUs. At the Effective Time, each award of Time-Based RSUs that is then outstanding and unvested will be assumed by II-VI (each, an Assumed RSU) and continue to be subject to substantially the same terms and conditions (including vesting requirements) as in effect immediately prior to the Effective Time, except that the number of shares of II-VI Common Stock subject to such Assumed RSU will be equal to the product of (i) the number of shares of Finisar Common Stock underlying such unvested Finisar Restricted Stock Unit award as of immediately prior to the Effective Time *multiplied by* (ii) the sum of (a) 0.2218 *plus* (b) the quotient obtained by dividing (1) $15.60 *by* (2) the volume weighted average price per share of II-VI Common Stock (rounded to the nearest cent) on the Nasdaq Global Select Market for the ten (10) consecutive trading days ending on (and including) the third trading day immediately prior to the Effective Time (with the resulting number, rounded down to the nearest whole share). The Assumed RSUs held by Finisar s executive officers and other participants in the Severance Plan (as defined below) are subject to accelerated vesting in connection with an involuntary termination of the participant s employment on or within 18 months following a change in control of Finisar as described under Executive Retention and Severance Plan below.

Finisar Stock Options. At the Effective Time, each then-outstanding and unexercised Finisar Stock Option (whether vested or unvested) will automatically be cancelled and converted into the right to receive a payment in the form of Mixed Consideration (as described above under The Merger Agreement Merger Consideration) that would be payable to a holder of such number of shares of Finisar Common Stock equal to the quotient of (i) the product of (a) the excess, if any, of $26.00 over the exercise price per share of such Finisar Stock Option *multiplied by* (b) the number of shares of Finisar Common Stock subject to such Finisar Stock Option, *divided by* (ii) $26.00.

Assuming that the Merger was completed on February 5, 2019, the estimated aggregate amount that would be payable to Finisar s executive officers as a group for their Finisar equity awards is as follows (assuming for purposes of this disclosure only that each executive elected to receive the Mixed Consideration): (a) with respect to a total of 149,000 Finisar Performance-Based RSUs, $2,324,400 in cash and 33,048 shares of II-VI Common

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Stock, (b) with respect to a total of 608,455 Finisar Time-Based RSUs (assuming for these purposes only that each executive s employment with Finisar was involuntarily terminated at the Effective Time and such awards would fully accelerate pursuant to the Severance Plan described below), $9,491,898 in cash and 134,955 shares of II-VI Common Stock, and (c) with respect to a total of 771,086 Finisar Stock Options, $1,990,872 in cash and 28,306 shares of II-VI Common Stock.

Finisar s non-employee directors hold Finisar Stock Options and Time-Based RSUs that will accelerate immediately prior to the Effective Time. Assuming that the Merger was completed on February 5, 2019, the estimated aggregate amount that would be payable to Finisar s non-employee directors as a group for their Finisar equity awards is as follows (assuming for purposes of this disclosure only that each non-employee director elected to receive the Mixed Consideration): (a) with respect to a total of 77,416 Finisar Time-Based RSUs, $1,207,690 in cash and 17,170 shares of II-VI Common Stock, and (b) with respect to a total of 8,750 Finisar Stock Options, $66,674 in cash and 948 shares of II-VI Common Stock.

For an estimate of the amounts that would be payable to each of Finisar s named executive officers (i.e., Michael Hurlston, Joseph Young, Todd Swanson, Kurt Adzema and Dr. Julie Eng) in connection with any acceleration of the Finisar equity awards, see the section entitled Finisar Proposal No. 3 Non-Binding, Advisory Vote on Merger-Related Compensation for Finisar s Named Executive Officers Golden Parachute Compensation beginning on page 189. The amounts in the preceding paragraphs were determined using the per-share amounts payable to a Finisar stockholder who elected to receive the Mixed Consideration (i.e., $15.60 in cash and 0.2218 shares of II-VI Common Stock).

Executive Retention and Severance Plan

Finisar s executive officers, including each of Finisar s named executive officers, are eligible to participate in the Finisar Executive Retention and Severance Plan (the Severance Plan). The Severance Plan provides that if, on or within 18 months after a change in control, an executive s employment is terminated by Finisar (or its successor) without cause or by the executive for good reason (as the terms cause and good reason are each defined in the Severance Plan), the executive would be entitled to receive as severance: (a) a payment equal to 24 months of the executive s base salary; (b) a payment equal to the executive s target annual bonus amount most recently determined by the Compensation Committee of the Finisar Board; (c) reimbursement of the executive s premiums for continued health and life insurance coverage for up to 24 months; and (d) full acceleration of the executive s time-based equity awards granted by Finisar. Any Finisar performance-based equity awards held by the executive will be subject to the provisions of the applicable award agreement. The executive s vested Finisar Stock Options would generally remain exercisable for one year following the termination date (subject to the maximum term of the Finisar Stock Option).

In each case, the executive s right to receive severance benefits under the Severance Plan is subject to the executive s providing a release of claims in favor of Finisar. If the executive would be entitled to benefits under both the Severance Plan and any other arrangement with Finisar, the executive s benefits under the Severance Plan will be reduced for the benefits provided under the other arrangement.

If an executive s benefits under the Severance Plan would trigger parachute payment excise taxes, the benefits will either be paid in full and subject to such taxes or reduced to the extent necessary to avoid triggering such taxes, whichever results in a greater after-tax benefits to the executive. Participants are not entitled to any gross-up payment under the plan for such excise taxes.

Other Compensation Matters

Under the Merger Agreement, Finisar may pay bonuses for its 2019 fiscal year to its employees (including its executive officers) pursuant to Finisar s fiscal 2019 bonus plan if the Effective Time has not occurred by the end of the 2019 fiscal year or may pay pro-rated bonuses pursuant to the plan if the Effective Time occurs prior

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to the end of the 2019 fiscal year. In addition, Finisar may adopt a fiscal year 2020 bonus plan in the ordinary course consistent with past practice (including with respect to its executive officers) and may pay bonuses for the 2020 fiscal year (or a portion thereof if the Effective Time occurs during such fiscal year) pursuant to such plan. To the extent any performance period under a Finisar bonus plan is deemed to end on or in connection with the Effective Time, the Compensation Committee of the Finisar Board or other applicable administrator will, prior to the Effective Time, determine the bonus payable pursuant to the terms of the applicable plan. In accordance with the terms of its bonus plans, Finisar may issue Finisar Restricted Stock Units in payment of a portion of the bonuses awarded under the plans, and such Finisar Restricted Stock Units may include provisions allowing for full acceleration of such Finisar Restricted Stock Units on a termination of employment by Finisar or its successor other than for cause.

Under the Merger Agreement and subject to certain limitations, Finisar may grant Finisar Restricted Stock Units to employees, including executive officers, prior to the Effective Time in the ordinary course of business consistent with past practice. Finisar may also increase the annual compensation and benefits of employees, including executive officers, prior to the Effective Time in the ordinary course of business consistent with past practice.

Indemnification and Insurance

Pursuant to the terms of the Merger Agreement, Finisar s directors and executive officers will be entitled to certain ongoing indemnification by, and continuing directors and officers liability insurance coverage from, the Surviving Corporation for a period of six years following the Effective Time.

II-VI Board after the Merger

The II-VI Board will appoint three members of the Finisar Board as of November 8, 2018 to serve on the II-VI Board (the Finisar Designees). Each Finisar Designee will be mutually agreed upon by II-VI and Finisar, acting in good faith. In addition, the Corporate Governance and Nominating Committee of the II-VI Board previously will have reasonably approved the appointment of the Finisar Designees to the II-VI Board, which also will have previously recommended the appointment of the Finisar Designees to the full II-VI Board. The total number of directors on the II-VI Board at the Effective Time will be no more than 11 persons. As of the date hereof, the identity of the Finisar Designees has not been determined by II-VI and Finisar.

Also at the Effective Time, the II-VI Board will have four committees, consisting of an Audit Committee, a Compensation Committee, a Subsidiary Committee and a Corporate Governance and Nominating Committee. Each such committee will include at least one Finisar Designee.

Prior to execution of the Merger Agreement, the parties did not have any discussions or negotiations regarding any post-Merger employment by II-VI of the current executive officers of Finisar. However, II-VI stated its expectation in the May 3 Proposal, the September 14 Proposal and the September 26 Proposal that members of Finisar s management would be represented appropriately within the combined company of II-VI and Finisar following the consummation of the Merger.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information of II-VI presents the unaudited pro forma condensed combined balance sheet as of September 30, 2018 and the unaudited pro forma condensed combined statements of operations for the year ended June 30, 2018 and the three months ended September 30, 2018. The unaudited pro forma condensed combined financial information includes the historical results of II-VI and Finisar after giving pro forma effect to the Merger and other transactions as described in this section and under Notes to Unaudited Pro Forma Condensed Combined Financial Information.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the Merger and other transactions described in this section and under Notes to Unaudited Pro Forma Condensed Combined Financial Information have been prepared in accordance with the acquisition method of accounting in accordance with FASB ASC Topic 805, *Business Combinations*, where II-VI is the accounting acquirer and Finisar is the accounting acquiree.

The unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the Merger actually occurred on the dates indicated, nor do they purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. The assumed accounting for the Merger, including estimated aggregate Merger Consideration, is based on provisional amounts, and the associated purchase accounting is not final. The preliminary allocation of the purchase price to the acquired assets and assumed liabilities was based upon the preliminary estimate of fair values. For the preliminary estimate of fair values of assets acquired and liabilities assumed of Finisar, II-VI used publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions. The unaudited pro forma adjustments are based upon available information and certain assumptions that II-VI believes are reasonable under the circumstances. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. The purchase price adjustments relating to the Finisar and II-VI combined financial information are preliminary and subject to change, as additional information becomes available and as additional analyses are performed. All pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma condensed combined financial information.

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II-VI INCORPORATED AND SUBSIDIARIES

PRO FORMA CONDENSED COMBINED BALANCE SHEET

SEPTEMBER 30, 2018

UNAUDITED ($000)

	Historical				Pro Forma				
	II-VI September 30, 2018 (Note 3)	Finisar October 28, 2018 (Note 3)	Reclass Adjustments		Debt Financing Pro Forma Adjustments		Finisar Acquisition Pro Forma Adjustments		Combined
Assets									
Current Assets									
Cash and cash equivalents	$ 271,343	$ 332,138	$		$ 844,356	**8(a)**	$ (1,838,062)	**8(a)**	$ 374,432
							(73,000)	**8(a)**	
							837,658	**8(a)**	
Short-term investments		837,658					(837,658)	**8(a)**	
Accounts receivable, net	229,134	247,688					(2,916)	**8(b)**	473,906
Inventories	265,101	309,500					74,620	**8(c)**	649,221
Prepaid and refundable income taxes	7,700		6,303	**7(a)**					14,003
Prepaid and other current assets	44,081	51,231	(6,303)	**7(a)**					89,009
Total Current Assets	817,359	1,778,215			844,356		(1,839,358)		1,600,572
Property, plant & equipment, net	541,519	600,972					75,122	**8(d)**	1,217,613
Goodwill	298,308	106,736					607,416	**8(e)**	1,012,460
Other intangible assets, net	137,270	5,810					856,055	**8(d)**	999,135
Investments	75,289								75,289
Deferred income taxes	2,064	89,202							91,266
Other assets	8,834	12,250							21,084
Total Assets	$ 1,880,643	$ 2,593,185	$		$ 844,356		$ (300,765)		$ 5,017,419
Liabilities and Shareholders									

Equity								
Current Liabilities								
Current portion of long-term debt	$ 20,000	$ 257,067	$		$ (219,250)	**8(f)**	$ 1,933	**8(f)**	$ 59,750
Accounts payable	97,417	133,539					(2,916)	**8(b)**	228,040
Accrued compensation and benefits	47,929	36,152							84,081
Accrued income taxes	18,780		2,307	**7(b)**					21,087
Other accrued liabilities	41,174	54,746	(2,307)	**7(b)**	(2,069)	**8(f)**			91,544
Total Current Liabilities	225,300	481,504			(221,319)		(983)		484,502
Long-term debt	517,144	499,838			1,065,675	**8(f)**	75,162	**8(f)**	2,157,819
Deferred income taxes	29,205		1,078	**7(c)**			252,901	**8(g)**	283,184
Other liabilities	65,406	11,558	(1,078)	**7(c)**					75,886
Total Liabilities	837,055	992,900			844,356		327,080		3,001,391
Common stock	360,276	117					1,045,323	**8(h)**	1,405,716
Additional paid in capital		2,885,319					(2,885,319)	**8(h)**	
Accumulated other comprehensive income	(14,379)	(57,906)					57,906	**8(h)**	(14,379)
Retained earnings	862,213	(1,227,245)					1,154,245	**8(i)**	789,213
	1,208,110	1,600,285					(627,845)		2,180,550
Treasury stock, at cost	(164,522)								(164,522)
Total Shareholders Equity	1,043,588	1,600,285					(627,845)		2,016,028
Total Liabilities and Shareholders Equity	$ 1,880,643	$ 2,593,185	$		$ 844,356		$ (300,765)		$ 5,017,419

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II-VI INCORPORATED AND SUBSIDIARIES

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2018

UNAUDITED ($000)

Historical				Pro Forma	
ne 30, 2018 II-VI (Note 3)	July 29, 2018 Finisar (Note 3)	Reclass Adjustments		Debt Financing Pro Forma Adjustments	Finisar Acquisition Pro Forma Adjustments
1,158,794	$ 1,292,013	$		$	$ (17,497)
696,591	961,770				(11,373)
					7,512
	2,321	(2,321)	7(d)		
	371	(371)	7(i)		
116,875		244,027	7(j)		
	244,027	(244,027)	7(j)		
208,565		123,072	7(d), 7(e), 7(f), 7(g), 7(h)		117,204
					(800)
	49,153	(49,153)	7(e)		
	57,872	(57,872)	7(f)		
	11,088	(11,088)	7(g)		

	2,638	(2,638)	**7(h)**				
	1,862	(1,862)	**7(i)**				
18,352	37,029			55,042		**9(d)**	
(3,783)	40	2,233	**7(i)**				
	(17,799)						17,799
1,036,600	1,350,372			55,042	:2px;padding-top:2px;padding-bottom:2px;"> September 30,		

2011

5 $29.5

) (1.6)

5) (325.8)

) (1.3)

0.5) $(299.2)

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ROCK-TENN COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the components of other comprehensive income (loss) for the years ended September 30, 2012, 2011 and 2010, is as follows (in millions):

Fiscal 2012	Pre-Tax Amount	Tax	Net of Tax Amount
Foreign currency translation gain	$18.3	$—	$18.3
Net deferred loss on cash flow hedges	(0.1)	0.1	—
Reclassification adjustment of net loss on cash flow hedges included in earnings	2.3	(0.9)	1.4
Net actuarial loss arising during period	(375.0)	140.8	(234.2)
Amortization of net actuarial loss	21.4	(8.1)	13.3
Prior service cost arising during period	(2.2)	0.8	(1.4)
Amortization of prior service cost	0.7	(0.3)	0.4
Consolidated other comprehensive loss	(334.6)	132.4	(202.2)
Less: Other comprehensive loss attributable to noncontrolling interests	0.9	—	0.9
Other comprehensive loss attributable to Rock-Tenn Company shareholders	$(333.7)	$132.4	$(201.3)

Fiscal 2011	Pre-Tax Amount	Tax	Net of Tax Amount
Foreign currency translation loss	$(13.0)	$0.1	$(12.9)
Net deferred loss on cash flow hedges	(0.4)	0.1	(0.3)
Reclassification adjustment of net loss on cash flow hedges included in earnings	6.9	(2.9)	4.0
Net actuarial loss arising during period	(336.0)	124.8	(211.2)
Amortization of net actuarial loss	18.9	(6.7)	12.2
Prior service credit arising during period	0.3	—	0.3
Amortization of prior service cost	0.7	(0.3)	0.4
Consolidated other comprehensive loss	(322.6)	115.1	(207.5)
Less: Other comprehensive loss attributable to noncontrolling interests	0.5	—	0.5
Other comprehensive loss attributable to Rock-Tenn Company shareholders	$(322.1)	$115.1	$(207.0)

Fiscal 2010	Pre-Tax Amount	Tax	Net of Tax Amount
Foreign currency translation gain	$7.6	$(0.4)	$7.2
Net deferred loss on cash flow hedges	(6.2)	2.7	(3.5)
Reclassification adjustment of net loss on cash flow hedges included in earnings	9.9	(3.9)	6.0
Net actuarial loss arising during period	(13.6)	5.2	(8.4)
Amortization of net actuarial loss	19.3	(7.3)	12.0
Prior service cost arising during period	(0.2)	—	(0.2)
Amortization of prior service cost	0.9	(0.4)	0.5
Other adjustments	—	(1.7)	(1.7)
Consolidated other comprehensive income	17.7	(5.8)	11.9
Less: Other comprehensive loss attributable to noncontrolling interests	4.3	—	4.3

Other comprehensive income attributable to Rock-Tenn Company shareholders	$22.0	$(5.8)	$16.2

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Note 4. Inventories

Inventories are as follows (in millions):

	September 30, 2012	2011
Finished goods and work in process	$325.4	$331.1
Raw materials	372.7	404.0
Supplies and spare parts	197.1	173.1
Inventories at FIFO cost	895.2	908.2
LIFO reserve	(33.3)	(58.4)
Net inventories	$861.9	$849.8

It is impracticable to segregate the LIFO reserve between raw materials, finished goods and work in process. In fiscal 2012, 2011, and 2010, we reduced inventory quantities in some of our LIFO pools. This reduction generally results in a liquidation of LIFO inventory quantities typically carried at lower costs prevailing in prior years as compared with the cost of the purchases in the respective fiscal years, the effect of which typically decreases cost of goods sold. The impact of the liquidations in fiscal 2012, 2011, and 2010 was not significant.

Note 5. Alternative Fuel Mixture Credit and Cellulosic Biofuel Producer Credit

In April 2009, we received notification from the IRS that our registration as an alternative fuel mixer had been approved. As a result, we were eligible for a tax credit equal to $0.50 per gallon of alternative fuel used at our Demopolis, Alabama bleached paperboard mill from January 22, 2009 through the December 31, 2009 expiration of the tax credit. The alternative fuel eligible for the tax credit is liquid fuel derived from biomass. In the first quarter of fiscal 2010, we recognized $20.9 million of alternative fuel mixture credit, which is not taxable for federal or state income tax purposes because we claimed the credit on our fiscal 2009 federal income tax return rather than as an excise tax refund, and reduced cost of goods sold in our Consumer Packaging segment by $20.7 million, net of expenses. The credit was treated as an unusual item, presented parenthetically on the face of the income statement, classified as an offset to cost of goods sold in the consolidated statements of income and as a component of the cost of inventory, to the extent appropriate. During the second quarter of fiscal 2010, the IRS released a memorandum that clarified that the entire volume of black liquor, without reduction for inorganic solids, chip water or process water, was eligible for the alternative fuel mixture credit. As a result, we reversed reserves of $8.1 million during the second quarter of fiscal 2010 and reduced cost of goods sold in our Consumer Packaging segment by $8.1 million.

In fiscal 2009, we also considered whether our use of black liquor qualified for the $1.01 cellulosic biofuel producer credit (“CBPC”) pursuant to Internal Revenue Code (“IRC”) Section 40(b)(6). IRC Section 40(b)(6) defined the requirements for qualification for the CBPC, including certain registration requirements with the EPA. The Company concluded that without further action from the either the IRS or the EPA, these registration requirements precluded black liquor from qualifying for the CBPC because they had yet to be developed.

In April 2010, in anticipation of the IRS or the EPA issuing further guidance regarding black liquor’s qualification for the CBPC, we filed an application with the IRS to be registered as a producer of cellulosic biofuel. On July 9, 2010, the IRS Office of Chief Counsel issued Chief Counsel Advice Memorandum AM 2010-002, which concluded that black liquor sold or used in a taxpayer’s trade or business during calendar year 2009, qualifies for the CBPC. Following that conclusion, on August 19, 2010, the IRS sent a Letter of Registration approving us as a

producer of cellulosic biofuel through the operation of our Demopolis, Alabama bleached paperboard mill. Accordingly, each gallon of black liquor we produced during calendar year 2009 qualifies for a non-refundable CBPC of $1.01 per gallon. The CBPC is a taxable credit which results in an after-tax credit value of approximately $0.62 per gallon. We calculated the aggregate undiscounted CBPC, net of expected income taxes and interest, to be approximately $112 million. Any CBPC unused in any particular tax year may be carried forward and utilized in future years. See discussion in “Note 12. Income Taxes”.

The after tax value of the CBPC credit is of greater value to us than the AFMC previously claimed. Once the IRS concluded in fiscal 2010 that black liquor sold or used in a taxpayer’s trade or business during calendar year 2009 qualifies for the CBPC and approved our application as a qualified producer, we, in accordance with the applicable IRS instructions for claiming the

CBPC and returning the AFMC in this circumstance, amended our 2009 federal income tax return to claim the CBPC credit rather than the AFMC. We have filed our fiscal 2010 federal and state tax returns and we expect to utilize the remaining CBPC tax credits in the next few years. The cumulative impact of CBPC election, net of the AFMC, was an increased after-tax benefit of $27.6 million, which was recorded as a reduction of income tax expense in the fourth quarter of fiscal 2010 and accounted for as a cumulative catch-up of a transaction directly with the government in its capacity as a taxing authority.

Smurfit-Stone submitted refund claims for alternative fuel mixture credits related to production at its qualifying U.S. mills in calendar 2009. As a result of the refund claims, Smurfit-Stone recorded unrecognized tax benefits related to the tax position that alternative fuel mixture credits are not taxable and decreased the tax value of their NOL carryforwards by recording a corresponding reserve related to this position. See discussion in “Note 12. Income Taxes”.

Note 6. Acquisitions

Smurfit-Stone Acquisition

On May 27, 2011, we completed our acquisition of Smurfit-Stone Container Corporation. We have included in our financial statements the results of Smurfit-Stone's containerboard mill and corrugated converting operations in our Corrugated Packaging segment, Smurfit-Stone's recycling operations in our Recycling segment and Smurfit-Stone's display operations in our Consumer Packaging segment. We acquired Smurfit-Stone in order to expand our corrugated packaging business as we believe the containerboard and corrugated packaging industry is a very attractive business and U.S. virgin containerboard is a strategic global asset. The purchase price for the acquisition was $4,919.1 million, net of cash acquired of $473.5 million. The purchase price included cash consideration, net of cash acquired of $1,303.4 million, the issuance of approximately 31.0 million shares of RockTenn common stock valued at $2,378.8 million, including approximately 0.7 million shares reserved but unissued for the resolution of Smurfit-Stone bankruptcy claims, we assumed $1,180.5 million of debt and recorded $56.4 million for stock options to replace outstanding Smurfit-Stone stock options as discussed in “Note 15. Share-Based Compensation”. The reserved shares, as well as the restricted cash identified on our Consolidated Balance Sheets, will be distributed as claims are liquidated or resolved in accordance with the Smurfit-Stone Plan of Reorganization and Confirmation Order and the corresponding liability will be extinguished. The shares issued were valued at $76.735 per share which represents the average of the high and low stock price on the acquisition date. We entered into a new credit facility and amended our receivables-backed financing facility at the time of the Smurfit-Stone Acquisition. For information on our facilities see “Note 9. Debt”.

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed by major class of assets and liabilities as of the acquisition date, as well as adjustments made during fiscal 2012 (referred to as "measurement period adjustments") (in millions):

	Amounts Recognized as of Acquisition Date[1]	Measurement Period Adjustments[2]	Amounts Recognized as of Acquisition Date (as Adjusted)[3]
Current assets, net of cash acquired	$1,459.5	$(6.8)	$1,452.7
Property, plant, and equipment	4,391.4	(12.1)	4,379.3
Goodwill	1,091.6	(10.9)	1,080.7
Intangible assets	691.4	21.7	713.1
Other long-term assets	95.5	19.0	114.5
Total assets acquired	7,729.4	10.9	7,740.3
Current portion of debt	9.4	—	9.4
Current liabilities	816.7	6.6	823.3
Long-term debt due after one year	1,171.1	—	1,171.1
Accrued pension and other long-term benefits	1,205.8	(4.1)	1,201.7
Noncontrolling interest and other long-term liabilities	787.8	8.4	796.2
Total liabilities and noncontrolling interest assumed	3,990.8	10.9	4,001.7
Net assets acquired	$3,738.6	$—	$3,738.6

(1) As previously reported in the Notes to Consolidated Financial Statements included in our Fiscal 2011 Form 10-K.

(2) The measurement period adjustments recorded in fiscal 2012 did not have a significant impact on our condensed consolidated statements of income for any period of fiscal 2012 or 2011. In addition, these adjustments did not have a significant impact on our condensed consolidated balance sheet as of September 30, 2011. Therefore, we have recorded the cumulative impact in fiscal 2012 and have not retrospectively adjusted the comparative 2011 financial information presented herein.

(3) The measurement period adjustments were due primarily to refinements of third party appraisals related to certain property, plant and equipment and intangible assets and related estimated useful lives as well as adjustments to certain tax accounts based on among other things, adjustments to deferred tax liabilities including the recent appraisal adjustments, analysis of the tax basis of acquired assets and liabilities and other tax adjustments. The net impact of the measurement period adjustments resulted in a net decrease to goodwill.

We recorded fair values for acquired assets and liabilities including goodwill and intangibles. The fair value assigned to goodwill is primarily attributable to buyer-specific synergies expected to arise after the acquisition (e.g., enhanced geographic reach of the combined organization, increased vertical integration opportunities and diversification of fiber sourcing) and the assembled work force of Smurfit-Stone.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the weighted average life and gross carrying amount relating to intangible assets recognized in the Smurfit-Stone Acquisition, excluding goodwill (in millions):

	Weighted Avg. Life	Gross Carrying Amount
Customer relationships	10.5	$663.0
Favorable contracts	6.9	23.5
Technology and patents	8.0	13.3
Trademarks and tradenames	3.5	10.3
Non-compete agreements	2.0	3.0
Total	10.2	$713.1

None of the intangibles has significant residual value. The intangibles are expected to be amortized over estimated useful lives ranging from 1 to 18 years based on the approximate pattern in which the economic benefits are consumed or straight-line if the pattern was not reliably determinable.

The following unaudited pro forma information reflects our consolidated results of operations as if the acquisition had taken place on October 1, 2009. The unaudited pro forma information is not necessarily indicative of the results of operations that we would have reported had the transaction actually occurred at the beginning of these periods nor is it necessarily indicative of future results. The unaudited pro forma financial information does not reflect the impact of future events that may occur after the acquisition, including, but not limited to, anticipated costs savings from synergies or other operational improvements (in millions).

	Year Ended September 30,	
	2011	2010
	(Unaudited)	
Net sales	$9,574.5	$8,959.6
Net income attributable to Rock-Tenn Company shareholders	$341.1	$1,390.2

Net income for fiscal 2011 is not comparable to fiscal 2010 as fiscal 2010 included reorganization income from Smurfit-Stone's bankruptcy emergence and a gain on fresh start accounting adjustments which were partially offset by other reorganization charges. Fiscal 2011 revenues associated with the Smurfit-Stone Acquisition since the acquisition were $2,273.7 million. Disclosure of earnings associated with the Smurfit-Stone Acquisition since the date acquired for fiscal 2011 is not practicable as it is not being operated as a standalone business.

The unaudited pro forma financial information presented in the table above has been adjusted to give effect to adjustments that are: (1) directly related to the business combination; (2) factually supportable; and (3) expect to have a continuing impact. These adjustments include, but are not limited to, the application of our accounting policies; elimination of related party transactions; depreciation and amortization related to fair value adjustments to property, plant and equipment and intangible assets including contracts assumed; and interest expense on acquisition-related debt.

Unaudited pro forma earnings for fiscal 2011 were adjusted to exclude $59.4 million of acquisition inventory step-up expense, $97.8 million of employee compensation related items consisting primarily of certain change in control payments and acceleration of stock-based compensation, $48.2 million of acquisition costs which primarily consist of advisory, legal, accounting, valuation and other professional or consulting fees, and $81.5 million of loss on extinguishment of debt. The fiscal 2010 information has been adjusted to include the impact of the expenses noted above for fiscal 2011 in order to present the unaudited pro forma financial information as if the transaction had

occurred on October 1, 2009. Included in earnings for fiscal 2011 are $35.9 million of integration related costs which primarily consist of severance and other employee costs and professional services.

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GMI Acquisition

On October 28, 2011, we acquired the stock of four entities doing business as GMI Group. We have made joint elections under section 338(h)(10) of the Internal Revenue Code of 1986, as amended, that increased our tax basis in the underlying assets acquired. The purchase price was approximately $90.2 million, including the amount paid to the sellers related to the Code section 338(h)(10) elections. There was no debt assumed. We acquired the GMI business to expand our presence in the corrugated markets. The acquisition also increases our vertical integration. We have included the results of GMI's operations since the date of acquisition in our consolidated financial statements in our Corrugated Packaging segment. The acquisition included $39.5 million of customer relationship intangible assets, $25.0 million of goodwill and $2.1 million of net unfavorable lease contracts. We are amortizing the customer relationship intangibles over 11 to 12 years based on a straight-line basis because the pattern was not reliably determinable and amortizing the lease contracts over 2 to 10 years. None of the intangibles have a significant residual value. The fair value assigned to goodwill is primarily attributable to buyer-specific synergies expected to arise after the acquisition (e.g., enhanced geographic reach of the combined organization, increased vertical integration) and the assembled work force of GMI. We expect the goodwill to be amortizable for income tax purposes as a result of the Code section 338(h)(10) elections.

Mid South Packaging Acquisition

On June 22, 2012, we acquired the assets of Mid South Packaging LLC, a specialty corrugated packaging manufacturer with operations in Cullman, AL, and Olive Branch, MS. The purchase price was approximately $32.1 million, net of a preliminary working capital settlement. No debt was assumed. We acquired the Mid South business as part of our announced strategy to seek acquisitions that increase our integration levels in the corrugated markets. We have included the results of Mid South's operations since the date of acquisition in our consolidated financial statements in our Corrugated Packaging segment. The acquisition included $9.9 million of customer relationship intangible assets and $8.5 million of goodwill. We are amortizing the customer relationship intangibles over 12.5 years based on a straight-line basis because the pattern was not reliably determinable. None of the intangibles have a significant residual value. The fair value assigned to goodwill is primarily attributable to buyer-specific synergies expected to arise after the acquisition (e.g., enhanced geographic reach of the combined organization, increased vertical integration) and the assembled work force of Mid South.

Innerpac Holding Acquisition

On August 27, 2010, we acquired the stock of Innerpac Holding Company for $23.9 million, net of cash acquired of $0.1 million. We acquired the Innerpac business to expand our presence in the corrugated and specialty partition markets. The acquisition also increases our vertical integration. We have included the results of these operations since the date of acquisition in our consolidated financial statements in our Consumer Packaging segment. The acquisition included $12.1 million of customer relationship intangible assets and $10.8 million of goodwill. Approximately $0.5 million and $6.5 million of the customer relationship intangible assets and goodwill, respectively, are deductible for income tax purposes. We are amortizing the customer relationship intangible on a straight-line basis over 15 years.

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ROCK-TENN COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 7. Restructuring and Other Costs, Net

Summary of Restructuring and Other Initiatives

We recorded pre-tax restructuring and other costs, net, of $75.2 million, $93.3 million, and $7.4 million for fiscal 2012, 2011, and 2010, respectively. Of these costs, $14.8 million, $17.7 million, and $4.5 million were non-cash for fiscal 2012, 2011, and 2010, respectively. These amounts are not comparable since the timing and scope of the individual actions associated with a restructuring, an acquisition or integration can vary. We discuss these charges in more detail below.

The following table presents a summary of restructuring and other charges, net, related to active restructuring and other initiatives that we incurred during the fiscal year, the cumulative recorded amount since we announced the initiative, and the total we expect to incur (in millions):

Summary of Restructuring and Other Costs, Net

Segment	Period	Net Property, Plant and Equipment [1]	Severance and Other Employee Related Costs	Equipment and Inventory Relocation Costs	Facility Carrying Costs	Other Costs	Total
Corrugated Packaging[a]	Fiscal 2012	$16.6	$10.5	$3.5	$5.6	$4.7	$40.9
	Fiscal 2011	16.7	7.8	1.2	1.1	0.7	27.5
	Fiscal 2010	0.6	0.6	—	—	0.1	1.3
	Cumulative	33.9	18.9	4.7	6.7	5.5	69.7
	Expected Total	33.9	18.9	7.5	10.8	5.5	76.6
Consumer Packaging[b]	Fiscal 2012	(3.4)	0.2	0.6	0.2	—	(2.4)
	Fiscal 2011	1.0	2.3	0.9	0.7	0.2	5.1
	Fiscal 2010	3.7	1.1	0.2	0.1	0.7	5.8
	Cumulative	1.3	3.6	1.7	1.0	1.0	8.6
	Expected Total	1.3	3.6	1.7	1.6	1.0	9.2
Recycling[c]	Fiscal 2012	1.6	0.3	—	0.1	0.3	2.3
	Fiscal 2011	—	—	—	0.1	—	0.1
	Fiscal 2010	—	—	—	0.1	—	0.1
	Cumulative	1.6	0.3	—	0.4	0.4	2.7
	Expected Total	1.6	0.3	0.2	0.5	0.4	3.0
Other[d]	Fiscal 2012	—	—	—	—	34.4	34.4
	Fiscal 2011	—	—	—	—	60.6	60.6
	Fiscal 2010	—	—	—	—	0.2	0.2
	Cumulative	—	—	—	—	95.2	95.2
	Expected Total	—	—	—	—	95.2	95.2
Total	Fiscal 2012	$14.8	$11.0	$4.1	$5.9	$39.4	$75.2
	Fiscal 2011	$17.7	$10.1	$2.1	$1.9	$61.5	$93.3
	Fiscal 2010	$4.3	$1.7	$0.2	$0.2	$1.0	$7.4
	Cumulative	$36.8	$22.8	$6.4	$8.1	$102.1	$176.2
	Expected Total	$36.8	$22.8	$9.4	$12.9	$102.1	$184.0

(1) "Net property, plant and equipment" as used in this Note 7 is the sum of property, plant and equipment impairment losses, subsequent adjustments to fair value for assets classified as held for sale, and subsequent (gains) or losses on sales of property, plant and equipment and related parts and supplies and accelerated depreciation on such assets.

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When we close a facility, if necessary, we recognize an impairment charge primarily to reduce the carrying value of equipment or other property to their estimated fair value less cost to sell, and record charges for severance and other employee related costs. Any subsequent change in fair value, less cost to sell, prior to disposition is recognized as identified; however, no gain is recognized in excess of the cumulative loss previously recorded. At the time of each announced closure, we generally expect to record future charges for equipment relocation, facility carrying costs, costs to terminate a lease or contract before the end of its term and other employee related costs. Expected future charges are reflected in the table above in the "Expected Total" lines until incurred. Although specific circumstances vary, our strategy has generally been to consolidate our sales and operations into large well-equipped plants that operate at high utilization rates and take advantage of available capacity created by operational excellence initiatives. Therefore, we transfer a substantial portion of each plant's assets and production to our other plants. We believe these actions have allowed us to more effectively manage our business.

(a) The Corrugated Packaging segment current year charges primarily reflect the closure of our Matane, Quebec containerboard mill, a machine taken out of operation at our Hodge, LA containerboard mill and seven corrugated container plants, all acquired in the Smurfit-Stone Acquisition (each initially recorded and five closed in fiscal 2012) and charges associated primarily with on-going closure costs at certain of six other corrugated container plants acquired in the Smurfit-Stone Acquisition (each initially recorded in fiscal 2011, five of the six were closed in fiscal 2011 and one closed in fiscal 2012) and our legacy Hauppauge, NY sheet plant (initially recorded in fiscal 2010 and closed in fiscal 2011), net of a gain on sale in fiscal 2012 primarily for our Santa Fe Springs, CA corrugated converting facility. The current year expenses in the "Other Costs" column primarily represent repayment of energy credits and site environmental closure activities at the Matane mill. The cumulative charges are primarily for the facilities mentioned above and fiscal 2011 charges related to kraft paper assets at our Hodge containerboard mill we acquired in the Smurfit-Stone Acquisition. We have transferred a substantial portion of each closed facility's production to our other facilities.

(b) The Consumer Packaging segment current year activity primarily reflects the gain on sale of our Columbus, IN laminated paperboard converting operation and Milwaukee, WI folding carton facility (initially recorded and closed in fiscal 2011) and on-going closure costs associated with previously closed facilities. The cumulative charges primarily reflect the actions mentioned above as well as closure costs at certain of four interior packaging plants (three initially recorded and closed in fiscal 2011 and one initially recorded and closed in fiscal 2010), our Columbus laminated paperboard converting operation and our Macon, GA drum manufacturing operation (each initially recorded and closed in fiscal 2010) and our Drums, PA interior packaging plant (initially recorded and closed in fiscal 2010).

(c) The Recycling segment current year charges primarily reflect the closure of six collection facilities (each initially recorded and three closed in fiscal 2012) and the cumulative charges reflect the preceding actions as well as carrying costs for two collections facilities shutdown in a prior year.

(d) The expenses in the "Other Costs" column primarily reflect costs incurred primarily as a result of our Smurfit-Stone Acquisition, including merger integration expenses. The pre-tax charges are summarized below (in millions):

	Acquisition Expenses	Integration Expenses	Other Expenses	Total
Fiscal 2012	$2.9	$32.1	$(0.6)	$34.4
Fiscal 2011	20.2	40.4	—	60.6

Acquisition expenses include expenses associated with the Smurfit-Stone Acquisition and other acquisitions, whether consummated or not. Acquisition expenses primarily consist of advisory, legal, accounting, valuation and other professional or consulting fees. Integration expenses reflect primarily severance and other employee costs, professional services including work being performed to facilitate the Smurfit-Stone integration including information systems integration costs, lease expense and other costs. Due to the complexity and duration of the integration activities the precise amount expected to be incurred has not been quantified above. We expect integration activities to continue into fiscal 2013.

The following table represents a summary of and the changes in the restructuring accrual, which is primarily composed of lease commitments, accrued severance and other employee costs, and a reconciliation of the restructuring accrual to the line item “Restructuring and other costs, net” on our consolidated statements of income for fiscal 2012, 2011, and 2010 (in millions):

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	2012	2011	2010
Accrual at beginning of fiscal year	$26.7	$1.4	$1.1
Accruals acquired in Smurfit-Stone Acquisition	—	9.2	—
Additional accruals	26.9	30.8	1.9
Payments	(28.0)	(14.4)	(1.6)
Adjustment to accruals	(2.9)	(0.3)	—
Accrual at September 30,	$22.7	$26.7	$1.4

Reconciliation of accruals and charges to restructuring and other costs, net:

	2012	2011	2010
Additional accruals and adjustments to accruals (see table above)	$24.0	$30.5	$1.9
Acquisition expenses	2.9	20.2	—
Integration expenses	23.0	20.2	—
Net property, plant and equipment	14.8	17.7	4.3
Severance and other employee costs	0.6	0.3	0.2
Equipment relocation	4.1	2.1	0.2
Facility carrying costs	5.9	1.9	0.2
Other	(0.1)	0.4	0.6
Total restructuring and other costs, net	$75.2	$93.3	$7.4

Note 8. Other Intangible Assets

The gross carrying amount and accumulated amortization relating to intangible assets, excluding goodwill, is as follows (in millions):

		September 30, 2012		2011	
	Weighted Avg. Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	11.7	$873.9	$(153.6)	$801.9	$(76.4)
Favorable contracts	10.4	42.2	(18.8)	41.8	(10.7)
Technology and patents	8.1	14.3	(3.2)	14.3	(1.4)
Trademarks and tradenames	30.2	30.3	(6.4)	30.1	(2.8)
Non-compete agreements	2.0	5.1	(4.1)	5.1	(2.5)
License costs	10.0	15.9	(0.5)	—	—
Total	12.1	$981.7	$(186.6)	$893.2	$(93.8)

During fiscal 2012, 2011, and 2010, intangible amortization expense was $88.9 million, $42.4 million, and $11.9 million, respectively. Estimated intangible asset amortization expense for the succeeding five fiscal years is as follows (in millions):

Fiscal 2013	$91.8
Fiscal 2014	88.6
Fiscal 2015	84.7
Fiscal 2016	84.0
Fiscal 2017	84.0

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Note 9. Debt

At September 30, 2012, our Credit Facility and our March 2013 Notes, March 2019 Notes, March 2020 Notes, March 2022 Notes and March 2023 Notes (each as hereinafter defined, the notes collectively "Our Notes") were unsecured. Our Notes are unsecured unsubordinated obligations that rank equally in right of payment with all of our existing and future unsecured unsubordinated obligations. The notes are effectively subordinated to any of our existing and future secured debt to the extent of the value of the assets securing such debt. Our Notes are redeemable prior to maturity, subject to certain rules and restrictions, and are not subject to any sinking fund requirements. Our Notes, except for our March 2013 Notes, are fully and unconditionally guaranteed by our existing and future wholly-owned U.S. subsidiaries, except for certain present and future unrestricted subsidiaries and certain other limited exceptions. The indentures related to Our Notes restrict us and our subsidiaries from incurring certain liens and entering into certain sale and leaseback transactions, subject to a number of exceptions. Interest on Our Notes is payable in arrears each September and March. Under the terms of the issuance of our March 2019 Notes, March 2020 Notes, March 2022 Notes and March 2023 Notes, we must use commercially reasonable efforts to file a registration statement to exchange each series of notes for new notes of such series with terms substantially identical in all material respects with the notes of such series, to cause the exchange offer registration statement to be declared effective by the SEC under the Securities Act (as hereinafter defined) and to consummate the exchange offer no later than May 17, 2013. If we fail to satisfy our obligations under the registration rights agreement, we will be required to pay additional interest to the holders of each series of notes under certain circumstances until we satisfy our obligations.

The following were individual components of debt (in millions):

	September 30, 2012	2011
5.625% notes due March 2013[a]	$80.6	$80.9
9.25% notes due March 2016[b]	—	299.2
4.45% notes due March 2019[c]	349.7	—
3.50% notes due March 2020[d]	347.1	—
4.90% notes due March 2022[c]	399.3	—
4.00% notes due March 2023[d]	346.3	—
Term loan facilities[e] [f]	1,222.6	2,223.1
Revolving credit and swing facilities[e] [f]	242.3	238.0
Receivables-backed financing facility[g]	410.0	559.0
Industrial development revenue bonds, bearing interest at variable rates (2.54% at September 30, 2011)[h]	—	17.4
Other debt	14.6	28.2
Total debt	3,412.5	3,445.8
Less current portion of debt	261.3	143.3
Long-term debt due after one year	$3,151.2	$3,302.5

A portion of the debt classified as long-term, which includes the term loans, receivables-backed, revolving and swing facilities, may be paid down earlier than scheduled at our discretion without penalty. During fiscal 2012, 2011, and 2010, amortization of debt issuance costs charged to interest expense was $10.8 million, $7.7 million, and $6.1 million, respectively.

(a) In March 2003, we sold $100.0 million in aggregate principal amount of our 5.625% notes due March 2013 ("March 2013 Notes"). We are amortizing debt issuance costs of approximately $0.8 million over the term of the March 2013

Notes. In the first quarter of fiscal 2010, we repurchased $19.5 million of our March 2013 Notes at an average price of approximately 98% of par and recorded an aggregate gain on extinguishment of debt of approximately $0.5 million. The amount in the table above is net of hedge adjustments resulting from terminated interest rate swaps and unamortized discount. Giving effect to the amortization of the original issue discount, the terminated fair value hedge adjustments and the debt issuance costs, the effective interest rate on the March 2013 Notes is approximately 5.73%. As discussed below, the February 22, 2012 repayment of our term loan B facility, in conjunction with our then current credit rating removed the security pledge from our March 2013 Notes.

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(b) On March 5, 2008, we issued $200.0 million aggregate principal amount of 9.25% senior notes due March 2016 ("March 2016 Notes"). The March 2016 Notes were originally issued at a discount of $1.4 million and incurred debt issuance costs of $4.7 million. On May 29, 2009, we issued an additional $100.0 million aggregate principal amount of March 2016 Notes (the "Additional Notes") and as a result incurred debt issuance costs of approximately $2.7 million related to the Additional Notes; these debt issuance costs, together with the original issue debt discount and debt issuance costs, were being amortized through the maturity date of the March 2016 Notes. On March 15, 2012, we redeemed our March 2016 Notes at a redemption price equal to 104.625% of the principal amount of the March 2016 Notes, plus the accrued and unpaid interest. We recorded an aggregate loss on extinguishment of debt of approximately $18.7 million for the redemption premium and to expense unamortized deferred financing and discount costs.

(c) On February 22, 2012, we issued $350.0 million aggregate principal amount of 4.45% senior notes due March 2019 ("March 2019 Notes") and issued $400.0 million aggregate principal amount of 4.90% senior notes due March 2022 ("March 2022 Notes") in an unregistered offering pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). We issued the March 2019 Notes and March 2022 Notes at a discount of approximately $0.3 million and $0.8 million, respectively, and recorded debt issuance costs in connection with the March 2019 Notes and March 2022 Notes of approximately $3.2 million and $3.6 million respectively, which are being amortized over the respective term of the notes. Giving effect to the amortization of the original issue discount and the debt issuance costs, the effective interest rates of the March 2019 Notes and March 2022 Notes are approximately 4.58% and 5.00%, respectively.

(d) On September 11, 2012, we issued $350.0 million aggregate principal amount of 3.50% senior notes due March 2020 ("March 2020 Notes") and issued $350.0 million aggregate principal amount of 4.00% senior notes due March 2023 ("March 2023 Notes") in an unregistered offering pursuant to Rule 144A and Regulation S under the Securities Act. We issued the March 2020 and March 2023 notes at a discount of approximately $3.0 million and $3.7 million, respectively, and recorded debt issuance costs in connection with the March 2020 and March 2023 notes of approximately $2.6 million and $2.7 million, respectively, which are being amortized over the respective term of the notes. Giving effect to the amortization of the original issue discount and the debt issuance costs, the effective interest rates of the March 2020 and March 2023 Notes are approximately 3.75% and 4.20%, respectively. We used the net proceeds from the offering to repay a portion of the outstanding loans under our Terminated Credit Facility (as hereinafter defined) and to pay costs and expenses associated with the transaction. We repaid approximately $288 million outstanding under our revolving credit facility, $345.5 million outstanding under our term loan A facility and $54.5 million outstanding under our term loan A2 facility.

(e) On September 27, 2012 we entered into an unsecured Amended and Restated Credit Agreement (the "Credit Facility") with an original maximum principal amount of approximately $2.7 billion before scheduled payments. The Credit Facility includes a $1.475 billion, 5-year revolving credit facility and a $1.223 billion, 5-year term loan facility. All obligations under the Credit Facility are fully and unconditionally guaranteed by our existing and future wholly-owned U.S. subsidiaries, except for certain present and future unrestricted subsidiaries and certain other limited exceptions. In addition, the obligations of Rock-Tenn Company of Canada are guaranteed by Rock-Tenn Company and all such wholly-owned U.S. subsidiaries, as well as by wholly-owned Canadian subsidiaries of RockTenn, other than certain present and future unrestricted subsidiaries and certain other limited exceptions.

Up to $250.0 million under the revolving credit facility may be used for the issuance of letters of credit. In addition, up to $350.0 million of the revolving credit facility may be used to fund borrowings in Canadian dollars. At September 30, 2012 and September 30, 2011, the amount committed under the credit facilities for loans to a Canadian subsidiary was $300.0 million and $300.0 million, respectively. At September 30, 2012, available borrowings under the revolving credit portion of the Credit Facility, reduced by outstanding letters of credit not drawn upon of approximately $54.7 million issued under the Credit Facility and including the application of our maximum leverage ratio, were approximately $935 million.

At our option, borrowings under the Credit Facility bear interest at either a base rate or at the London Interbank Offered Rate (“LIBOR”), plus, in each case, an applicable margin. In addition, advances in Canadian dollars may be made by way of purchases of bankers' acceptances. We are required to pay fees in respect of outstanding letters of credit at a rate equal to the applicable margin for LIBOR-based borrowings based upon a Credit Agreement Leverage Ratio. The

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following table summarizes the applicable margins and percentages related to the revolving credit facility and term loan of the Credit Facility:

	Range	September 30, 2012
Applicable margin/percentage for determining:		
LIBOR-based loans and banker's acceptance advances interest rate [1]	1.375%-2.000%	1.75%
Base rate-based borrowings [1]	0.375%-1.000%	0.75%
Facility commitment [2]	0.200%-0.325%	0.25%

[1] The rates vary based on our Leverage Ratio, as defined in the Amended and Restated Credit Agreement.

[2] Applied to the aggregate borrowing availability based on the Leverage Ratio, as defined below.

The variable interest rate, including the applicable margin, on our term loan facility was 1.97% at September 30, 2012. Interest rates on our revolving credit facility for borrowings both in the U.S. and Canada ranged from 3.04% to 4.00% at September 30, 2012.

The Credit Facility contains certain prepayment requirements and customary affirmative and negative covenants. The negative covenants include covenants that, subject to certain exceptions, contain: limitations on liens and further negative pledges; limitations on sale-leaseback transactions; limitations on debt and prepayments, redemptions or repurchases of certain debt and equity; limitations on mergers and asset sales; limitations on sales, transfers and other dispositions of assets; limitations on loans and certain other investments; limitations on restrictions affecting subsidiaries; (i) limitations on transactions with affiliates; (ii) limitations on changes to accounting policies or (iii) fiscal periods; limitations on speculative hedge transactions; and restrictions on modification or waiver of material documents in a manner materially adverse to the lenders.

In addition, the Credit Facility includes financial covenants requiring that we maintain a maximum total leverage ratio and minimum interest coverage ratio. The terms of the Credit Facility require us to maintain a leverage ratio (which is the ratio of our total funded debt less certain amounts of unrestricted cash, to Credit Agreement EBITDA, as defined, for the preceding four fiscal quarters (“Leverage Ratio”) of not greater than 3.75 to 1.00 for fiscal quarters ending from September 30, 2012 through September 30, 2013, and not greater than 3.50 to 1.00 for fiscal quarters ending thereafter. In addition, we must maintain an interest coverage ratio (which is the ratio of Credit Agreement EBITDA for the preceding four fiscal quarters to cash interest expense for such period) of not less than 3.50 to 1.00 for any fiscal quarters ending on or after September 30, 2012. Credit Agreement EBITDA is calculated in accordance with the definition contained in our Amended and Restated Credit Agreement. Credit Agreement EBITDA is generally defined as consolidated net income of RockTenn for any fiscal period plus the following to the extent such amounts are deducted in determining such consolidated net income: (i) consolidated interest expense, (ii) consolidated tax expenses, (iii) depreciation and amortization expenses, (iv) financing expenses and write-offs, including remaining portions of original issue discount on prepayment of indebtedness, prepayment premiums and commitment fees, (v) inventory expenses associated with the write up of Smurfit-Stone inventory acquired in the merger and other permitted acquisitions, (vi) all other non-cash charges, (vii) all legal, accounting and professional advisory expenses incurred in respect of the Smurfit-Stone Acquisition and other permitted acquisitions and related financing transactions, (vii) certain expenses and costs incurred in connection with the Smurfit-Stone Acquisition and associated synergies, restructuring charges, and certain other charges and expenses, subject to certain limitations specified in the Credit Facility, (viii) certain other charges and expenses unrelated to the Smurfit-Stone Acquisition subject to certain specified limitations in the Credit Facility, and (ix) for certain periods, run-rate synergies expected to be achieved due to the Smurfit-Stone Acquisition not already included in EBITDA and adjustments to include Smurfit-Stone EBITDA as outlined in the Amended and Restated Credit Agreement related to periods prior to the acquisition (“Credit

Agreement EBITDA"). We test and report our compliance with these covenants each quarter. We are in compliance with all of our covenants.

The credit facilities also contain certain customary events of default, including relating to non-payment, breach of representations, warranties or covenants, default on other material debt, bankruptcy and insolvency events, invalidity or impairment of loan documentation, collateral or subordination provisions, change of control and customary ERISA defaults. The term "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder.

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(f) On May 27, 2011, we entered into a Credit Agreement, which we terminated on September 27, 2012 as discussed below, (the "Terminated Credit Facility") with an original maximum principal amount of $3.7 billion before scheduled payments. The Terminated Credit Facility included a $1.475 billion, 5-year revolving credit facility, a $1.475 billion, 5-year term loan A facility, and included a $750 million, 7-year term loan B facility prior to its repayment on February 22, 2012. The borrowings under the Credit Facility were primarily used to finance the Smurfit-Stone Acquisition in part, to repay certain outstanding indebtedness of Smurfit-Stone, to refinance certain of our existing credit facilities, to pay for fees and expenses incurred in connection with the acquisition, and for other corporate purposes. The variable interest rate, including the applicable margin, on our term loan A facility, before the effect of interest rate swaps, was 2.23% at September 30, 2011. Interest rates on our revolving credit facility for borrowings both in the U.S. and Canada ranged from 3.25% to 4.00% at September 30, 2011. On May 27, 2011, at the effective time of the Smurfit-Stone Acquisition, in connection with our entry into the Terminated Credit Facility, we terminated our then existing credit agreement, dated as of March 5, 2008, as amended, following the payment in full of all outstanding indebtedness under the then existing credit agreement. There were no material early termination penalties incurred as a result of the termination. We recorded a loss on extinguishment of debt of $39.5 million primarily for fees paid to certain creditors and third parties and to write-off certain unamortized deferred financing costs related to the termination and capitalized approximately $43.3 million of debt issuance costs in other assets related to the new credit agreements, including amounts related to our receivables-backed financing facility.

On December 2, 2011, we amended our Terminated Credit Facility which permitted the issuance of debt that could be secured on an equal and ratable basis with the Terminated Credit Facility provided no portion of the term loan B facility remained outstanding. The amendment also provided for a $227.0 million term loan A2 tranche to be drawn upon by us in either a single drawing or in two separate drawings in minimum draws of $100.0 million, at our discretion, on or prior to March 31, 2012, and amended other terms of a technical nature. On February 22, 2012, we repaid our term loan B facility using the proceeds from the issuance of the March 2019 and March 2022 Notes. We recorded a loss on extinguishment of debt of $0.8 million to write-off unamortized deferred financing costs. The repayment of our term loan B facility, in conjunction with our then current credit rating removed the security pledge from our Terminated Credit Facility and our March 2013 Notes. Borrowings under the term loan B facility had applicable margins of 2.75% for LIBOR-based loans (with LIBOR to be no lower than 0.75%) and 1.75% for base rate-based loans. The interest rate for borrowings under the term loan B facility was 3.50% at September 30, 2011.

On March 14, 2012, we drew down the full amount of the term loan A2 tranche, along with revolver borrowings, to pay off our March 2016 Notes. On March 30, 2012, we amended our Terminated Credit Facility which provided for the ability to guaranty the obligations of any restricted subsidiary in respect of indebtedness incurred by a restricted subsidiary to the extent such indebtedness is permitted under the Credit Agreement, to incur unsecured indebtedness in respect of letters of credit, letters of guaranty or similar instruments having an aggregate face amount not to exceed $100.0 million at any time outstanding and to incur indebtedness in an aggregate principal amount of up to $50.0 million pursuant to an "additional indebtedness" carveout to the indebtedness covenant in the Credit Agreement. The applicable margin on LIBOR based term loan A2 was dependent upon our Leverage Ratio.

On September 27, 2012, in connection with our entry into the Credit Facility, we terminated our then existing credit agreement, dated as of May 27, 2011, as amended, following the payment in full of all outstanding indebtedness under the Terminated Credit Facility. There were no early termination penalties incurred as a result of the termination of the Terminated Credit Facility. We recorded a loss on extinguishment of debt of $4.6 million primarily to write-off certain unamortized deferred financing costs related to the termination and capitalized approximately $4.0 million of debt issuance costs in other assets.

(g) On May 27, 2011, we increased our receivables-backed financing facility (the "Receivables Facility") to $625.0 million from $135.0 million. The Receivables Facility has been amended to include the trade receivables of additional RockTenn subsidiaries. In addition, the maturity date of the Receivables Facility has been extended until the third anniversary of the Smurfit-Stone Acquisition. Except for $51.0 million classified as short-term at September 30, 2012 that is expected to require the use of current assets for repayment, the borrowings are classified as long-term at September 30, 2012 and September 30, 2011. The borrowing rate, which consists of a blend of the market rate for asset-backed commercial paper and the one month LIBOR rate plus a utilization fee, was 1.34% and 1.36% as of September 30, 2012 and September 30, 2011, respectively. The commitment fee for this facility was 0.30% and 0.30% as of September 30, 2012 and September 30, 2011, respectively. Borrowing availability under this facility is based on the eligible underlying accounts receivable and certain covenants. The agreement governing the Receivables Facility contains restrictions, including, among others, on

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the creation of certain liens on the underlying collateral. We test and report our compliance with these covenants monthly. We are in compliance with all of our covenants. At September 30, 2012 and September 30, 2011, maximum available borrowings, excluding amounts outstanding, under this facility were approximately $464.0 million and $559.9 million, respectively. The carrying amount of accounts receivable collateralizing the maximum available borrowings at September 30, 2012 was approximately $838.3 million. We have continuing involvement with the underlying receivables as we provide credit and collections services pursuant to the securitization agreement.

(h) We repaid the industrial development revenue bonds issued by various municipalities in which we maintain facilities on October 3, 2011.

As of September 30, 2012, the aggregate maturities of debt for the succeeding five fiscal years and thereafter are as follows (in millions):

Fiscal 2013	$261.3
Fiscal 2014	481.2
Fiscal 2015	122.5
Fiscal 2016	122.3
Fiscal 2017	975.9
Thereafter	1,457.0
Unamortized bond discount	(7.7)
Total debt	$3,412.5

Note 10. Fair Value

Assets and Liabilities Measured or Disclosed at Fair Value

We estimate fair values in accordance with ASC 820 “Fair Value Measurement”. ASC 820 provides a framework for measuring fair value and expands disclosures required about fair value measurements. Specifically, ASC 820 sets forth a definition of fair value and a hierarchy prioritizing the inputs to valuation techniques. ASC 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Additionally, ASC 820 defines levels within the hierarchy based on the availability of quoted prices for identical items in active markets, similar items in active or inactive markets and valuation techniques using observable and unobservable inputs. We incorporate credit valuation adjustments to reflect both our own nonperformance risk and the respective counterparty’s nonperformance risk in our fair value measurements.

We have, or from time to time may have, supplemental retirement savings plans that are nonqualified deferred compensation plans pursuant to which assets are invested primarily in mutual funds, interest rate derivatives, commodity derivatives or other similar classes of assets or liabilities. Other than our pension and postretirement assets and liabilities as disclosed in “Note 13. Retirement Plans” and the fair value of our long-term debt disclosed below, the fair value of these items is not significant.

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The following table summarizes the carrying amount and estimated fair value of our long-term debt (in millions):

	September 30, 2012		September 30, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
March 2013 Notes[1]	$80.6	$81.7	$80.9	$83.1
March 2016 Notes[1]	—	—	299.2	318.7
March 2019 Notes[1]	349.7	376.6	—	—
March 2020 Notes[1]	347.1	356.3	—	—
March 2022 Notes[1]	399.3	434.0	—	—
March 2023 Notes[1]	346.3	357.7	—	—
Term loan facilities[2]	1,222.6	1,222.6	2,223.1	2,223.1
Revolving credit and swing facilities[2]	242.3	242.3	238.0	238.0
Receivables-backed financing facility[2]	410.0	410.0	559.0	559.0
Industrial development revenue bonds[2]	—	—	17.4	17.4
Other long-term debt[2][3]	14.6	15.4	28.2	30.3
Total debt	$3,412.5	$3,496.6	$3,445.8	$3,469.6

(1) Fair value is categorized as level 2 within the fair value hierarchy since the notes trade infrequently. Fair value is based on quoted market prices.

(2) Fair value approximates the carrying amount as the variable interest rates reprice frequently at observable current market rates. As such, fair value is categorized as level 2 within the fair value hierarchy.

(3) Fair value for certain debt is estimated based on the discounted value of future cash flows using observable current market interest rates offered for debt of similar credit risk and maturity. As such, fair value is categorized as level 2 within the fair value hierarchy.

In the absence of quoted prices in active markets, considerable judgment is required in developing estimates of fair value. Estimates are not necessarily indicative of the amounts we could realize in a current market transaction, or the amounts at which we could settle our debt.

Financial Instruments not Recognized at Fair Value

Financial instruments not recognized at fair value on a recurring or nonrecurring basis include cash and cash equivalents, accounts receivable, certain other current assets, short-term debt, accounts payable, certain other current liabilities, and long-term debt. With the exception of long-term debt, the carrying amounts of these financial instruments approximate their fair values due to their short maturities.

Fair Value of Nonfinancial Assets and Nonfinancial Liabilities

We measure certain nonfinancial assets and nonfinancial liabilities at fair value on a nonrecurring basis. These assets and liabilities include cost and equity method investments when they are deemed to be other-than-temporarily impaired, assets acquired and liabilities assumed in an acquisition or in a nonmonetary exchange, and property, plant and equipment and intangible assets that are written down to fair value when they are held for sale or determined to be impaired. At September 30, 2012 and September 30, 2011, we did not have any significant nonfinancial assets or nonfinancial liabilities that were measured at fair value on a nonrecurring basis in periods subsequent to initial recognition.

Note 11. Leases

We lease certain manufacturing and warehousing facilities and equipment (primarily transportation equipment) under various operating leases. Some leases contain escalation clauses and provisions for lease renewal. As of September 30, 2012, future minimum lease payments under all noncancelable leases for the succeeding five fiscal years and thereafter are as follows (in millions):

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Fiscal 2013	$40.6
Fiscal 2014	36.7
Fiscal 2015	31.4
Fiscal 2016	26.2
Fiscal 2017	22.0
Thereafter	89.9
Total future minimum lease payments	$246.8

Rental expense for the years ended September 30, 2012, 2011, and 2010 was approximately $88.1 million, $42.6 million and $21.6 million, respectively, including lease payments under cancelable leases and maintenance charges on transportation equipment. The increase beginning in fiscal 2011 is primarily associated with the Smurfit-Stone Acquisition.

Note 12. Income Taxes

The components of income before income taxes are as follows (in millions):

	Year Ended September 30,		
	2012	2011	2010
United States	$374.7	$163.7	$263.6
Foreign	14.4	51.8	31.8
Income before income taxes	$389.1	$215.5	$295.4

The provision (benefit) for income taxes consist of the following components (in millions):

	Year Ended September 30,		
	2012	2011	2010
Current income taxes:			
Federal	$(4.5)	$(0.4)	$92.7
State	7.5	0.5	11.3
Foreign	10.5	9.4	11.8
Total current	13.5	9.5	115.8
Deferred income taxes:			
Federal	129.1	55.5	(57.6)
State	(0.6)	1.5	5.2
Foreign	(5.1)	3.0	1.3
Total deferred	123.4	60.0	(51.1)
Provision for income taxes	$136.9	$69.5	$64.7

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The differences between the statutory federal income tax rate and our effective income tax rate are as follows:

	Year Ended September 30,		
	2012	2011	2010
Statutory federal tax rate	35.0 %	35.0 %	35.0 %
Foreign rate differential	0.2	(2.5)	—
Adjustment and resolution of federal, state and foreign tax uncertainties	(0.1)	0.3	(0.3)
State taxes, net of federal benefit	3.4	2.3	1.9
Research and development and other tax credits, net of valuation allowances	(0.5)	(1.1)	(1.5)
Alternative fuel credits	—	—	(3.4)
Cellulosic biofuel credit, net of incremental state tax impact	—	—	(9.4)
Income attributable to noncontrolling interest	(0.1)	(0.3)	(0.2)
Nondeductible deal fees	—	1.3	—
Change in valuation allowance	(1.3)	—	—
Other, net	(1.4)	(2.7)	(0.2)
Effective tax rate	35.2 %	32.3 %	21.9 %

The amount included above for state taxes, net of federal benefit for fiscal 2010 has been adjusted to exclude the incremental state tax expense recorded related to the cellulosic biofuel producer credit. The state tax amount has been included in the amount shown for cellulosic biofuel producer credit.

In fiscal 2010, we recognized approximately $29.0 million of an alternative fuel mixture credit, which is not taxable for federal or state income tax purposes for the period October 1, 2009 to December 31, 2009 because we claimed the credit on our fiscal 2009 federal income tax return rather than as an excise tax refund. Additionally, we recorded a tax benefit of $27.6 million related to the cellulosic biofuel producer credit. In fiscal 2010, we recorded a tax benefit of $4.4 million related to research, foreign tax, and other federal tax credits. For additional information regarding the AFMC or the CBPC see “Note 5. Alternative Fuel Mixture Credit and Cellulosic Biofuel Producer Credit”.

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The tax effects of temporary differences that give rise to deferred income tax assets and liabilities consist of the following (in millions):

	September 30, 2012	2011
Deferred income tax assets:		
Accruals and allowances	$25.2	$17.6
Employee related accruals and allowances	107.5	113.4
Pension obligations	489.0	447.3
State net operating loss carryforwards	44.2	54.5
State credit carryforwards, net of federal benefit	47.0	51.7
CBPC and other federal tax credit carryforwards	225.6	220.8
Federal net operating loss carryforwards	146.4	167.7
Restricted stock and options	22.4	22.3
Other	21.9	17.0
Valuation allowances	(42.3)	(48.0)
Total	1,086.9	1,064.3
Deferred income tax liabilities:		
Property, plant and equipment	1,439.0	1,385.0
Deductible intangibles and goodwill	283.8	288.1
Inventory reserves	80.2	108.6
Deferred gain	31.0	57.1
Other	0.7	0.6
Total	1,834.7	1,839.4
Net deferred income tax liability	$747.8	$775.1

Deferred taxes are recorded as follows in the consolidated balance sheet (in millions):

	September 30, 2012	2011
Current deferred tax asset	$104.0	$52.0
Current deferred tax liability	0.1	—
Long-term deferred tax asset	37.1	—
Long-term deferred tax liability	888.8	827.1
Net deferred income tax liability	$747.8	$775.1

At September 30, 2012 and September 30, 2011, we had gross federal net operating losses, inclusive of Smurfit-Stone's historical net operating losses, of approximately $418.4 million and $479.0 million. These loss carryforwards generally expire between fiscal years 2022 and 2031.

At September 30, 2012 and September 30, 2011, we had $145.6 million and $146.1 million, respectively, of federal CBPC carryforwards. Although the statute of limitations is unclear as to the expiration period of the CBPC carryforwards, we believe that these carryforwards will expire on December 31, 2015. At September 30, 2012 and September 30, 2011, we had alternative minimum tax credits of $71.8 million and $69.5 million, respectively. Under current tax law, the alternative minimum tax credit carryforwards do not expire. At September 30, 2012 and September 30, 2011, we had various other federal credit carryforwards of $8.2 million and $5.2 million, respectively, which expire between fiscal years 2017 and 2032.

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As a result of certain realization requirements of ASC 718, the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets at September 30, 2012 and 2011 that arose directly from (or the use of which was postponed by) tax deductions related to equity compensation in excess of compensation recognized for financial reporting. Those deferred tax assets include federal and state net operating loss carryforwards. The September 30, 2012 and September 30, 2011 federal net operating loss carryforwards exclude $10.3 million and $15.4 million, respectively, due to stock compensation excess tax benefits. These excluded federal net operating losses, related to fiscal 2011, will be realized and recorded in the period when these carryforwards reduce an income tax liability.

At September 30, 2012 and September 30, 2011, gross net operating losses, for state and local tax reporting purposes, of approximately $1,160 million and $1,339 million, respectively, were available for carryforward. These loss carryforwards generally expire between fiscal years 2013 and 2031. The tax effected values of these net operating losses are $44.2 million and $54.5 million at September 30, 2012 and 2011, respectively, exclusive of valuation allowances of $3.2 million and $3.8 million at September 30, 2012 and 2011, respectively.

At September 30, 2012 and September 30, 2011, gross net operating losses for foreign reporting purposes of approximately $27.3 million and $25.6 million, respectively, were available for carryforward. These loss carryforwards generally expire between fiscal years 2015 and 2032. The tax effected values of these net operating losses are $4.6 million and $4.5 million at September 30, 2012 and 2011, respectively, exclusive of valuation allowances of $4.2 million and $4.0 million at September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, certain allowable state tax credits were available for carryforward. Accordingly, $47.0 million and $51.7 million have been recorded as deferred income tax assets at September 30, 2012 and 2011, respectively. These state tax credit carryforwards generally expire within 5 to 10 years; however, certain state credits can be carried forward indefinitely. Valuation allowances of $29.9 million and $39.0 million at September 30, 2012 and 2011, respectively, have been provided on these assets. These valuation allowances have been recorded due to uncertainty regarding our ability to generate sufficient taxable income in the appropriate taxing jurisdiction. These valuation allowances include $29.0 million and $33.6 million, respectively, related to state investment and employment tax credits generated by our Southern Container Acquisition and its subsequent operations as of September 30, 2012 and September 30, 2011, respectively. At September 30, 2012 and September 30, 2011, we had income tax receivables of $7.2 million and $34.7 million, respectively, and current deferred income taxes of $104.0 million and $52.0 million, respectively, included in other current assets.

The following table represents a summary of the valuation allowances against deferred tax assets for fiscal 2012, 2011, and 2010 (in millions):

	2012	2011	2010
Balance at the beginning of period	$48.0	$40.2	$37.2
Charges to costs and expenses	4.3	5.8	5.6
Allowances related to acquisitions[1]	—	7.8	—
Deductions	(10.0)	(5.8)	(2.6)
Balance at the end of period	$42.3	$48.0	$40.2

(1) Allowances related to acquisitions in fiscal 2011 are related to the Smurfit-Stone Acquisition.

We have considered a portion of our earnings from certain foreign subsidiaries as subject to repatriation and we provide for taxes accordingly. Earnings of all other foreign subsidiaries are considered indefinitely invested in their

respective foreign operations. As of September 30, 2012, we estimate those indefinitely invested earnings to be approximately $123.1 million. We have not provided for any incremental United States taxes that would be due upon the repatriation of those earnings to the United States. However, in the event of a distribution of those earnings in the form of dividends or otherwise, we may be subject to both United States income taxes, subject to an adjustment for foreign tax credits, and withholding taxes payable to the foreign jurisdictions. As of September 30, 2012, we estimate the amount of unrecognized deferred income tax liability on these indefinitely reinvested earnings to be approximately $10.3 million.

As of September 30, 2012, the total amount of unrecognized tax benefits was approximately $289.7 million, exclusive of interest and penalties. Of this balance, if we were to prevail on all unrecognized tax benefits recorded, approximately $265.6 million would benefit the effective tax rate. The unrecognized tax benefits includes $254 million related to our tax position that

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alternative fuel mixture credits acquired in the Smurfit-Stone Acquisition are not taxable. We decreased the tax value of our federal net operating loss carryforwards by $254 million by recording a corresponding reserve related to this position. As of September 30, 2011, the total amount of unrecognized tax benefits was approximately $287.9 million, exclusive of interest and penalties. Of this balance, if we were to prevail on all unrecognized tax benefits recorded, approximately $266.5 million would benefit the effective tax rate. We regularly evaluate, assess and adjust the related liabilities in light of changing facts and circumstances, which could cause the effective tax rate to fluctuate from period to period.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in millions):

	2012	2011	2010
Balance at the beginning of period	$287.9	$12.2	$13.1
(Reductions) additions related to acquisitions[(1)]	(1.4)	275.5	—
Additions for tax positions taken in current year	7.0	—	—
Additions for tax positions taken in prior years	—	1.5	1.3
Reductions as a result of a lapse of the applicable statute of limitations	(3.8)	(1.3)	(2.2)
Balance at the end of period	$289.7	$287.9	$12.2

(1) Adjustments related to acquisitions in fiscal 2012 and 2011 are related to the Smurfit-Stone Acquisition.

We recognize estimated interest and penalties related to unrecognized tax benefits in income tax expense in the consolidated statements of income. As of September 30, 2012 and September 30, 2011, we had a recorded liability of $2.0 million and $3.9 million, respectively, for the payment of estimated interest and penalties related to the liability for unrecognized tax benefits. Our results of operations for the fiscal years ended September 30, 2012 and 2011 include income of $1.9 million and expense of $0.4 million, respectively, related to estimated interest and penalties related to the liability for unrecognized tax benefits.

We file federal, state and local income tax returns in the U.S. and various foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to fiscal 2009. While we believe our tax positions are appropriate, they are subject to audit or other modifications and there can be no assurance that any modifications will not materially and adversely affect our results of operations, financial condition or cash flows.

Note 13. Retirement Plans

We have defined benefit pension plans for certain U.S. and Canadian employees. In addition, under several labor contracts, we make payments, based on hours worked, into multiemployer pension plan trusts established for the benefit of certain collective bargaining employees in facilities both inside and outside the United States. We also have a Supplemental Executive Retirement Plan (“SERP”) and other non-qualified defined benefit pension plans that provide unfunded supplemental retirement benefits to certain of our executives and former executives. The SERP provides for incremental pension benefits in excess of those offered in our principal pension plan.

Salaried and nonunion hourly employees hired on or after January 1, 2005 are not eligible to participate in RockTenn benefit plans in effect prior to the Smurfit-Stone Acquisition. However, we provide an enhanced 401(k) plan match for such employees. The defined benefit pension plans acquired in connection with the Smurfit-Stone Acquisition

cover substantially all hourly employees, as well as salaried employees hired prior to January 1, 2006. These plans were frozen for salaried employees at various stages prior to the acquisition. The postretirement plans that were acquired in connection with the Smurfit-Stone Acquisition provide certain health care and life insurance benefits for certain salaried and hourly employees who meet specified age and service requirements as defined by the plans. The references in the tables that follow to Canadian pension plans and U.S. and Canadian postretirement plans are plans acquired in the Smurfit-Stone acquisition.

The benefits under our defined benefit pension plans are based on either compensation or a combination of years of service and negotiated benefit levels, depending upon the plan. We allocate our pension assets to several investment management firms across a variety of investment styles. Our defined benefit Investment Committee meets at least four times a year with our investment advisors to review each management firm’s performance and monitor their compliance with their stated goals, our investment policy and applicable regulatory requirements in the U.S. and Canada.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We understand that investment returns are volatile. We believe that, by investing in a variety of asset classes and utilizing multiple investment management firms, we can create a portfolio that yields adequate returns with reduced volatility. After we consulted with our actuary and investment advisors, we adopted the target allocations in the table that follows for our pension plans to produce the desired performance. These target allocations are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below target ranges or modify the allocations.

	Target Allocations			
	U.S. Plans		Canadian Plans	
	2012	2011	2012	2011
Equity investments	40 %	41 %	29 %	38 %
Fixed income investments	45 %	46 %	58 %	56 %
Short-term investments	2 %	2 %	1 %	2 %
Other investments	13 %	11 %	12 %	4 %

At September 30, 2011 we were in the process of transitioning to our target allocations in the U.S. plans. We transitioned to our target allocations in fiscal 2012. In fiscal 2012 we changed the asset allocation of our Canadian pension plans.

Our actual pension plans' asset allocations by asset category at September 30 were as follows:

	U.S. Plans		Canadian Plans	
	2012	2011	2012	2011
Equity investments	42 %	28 %	31 %	35 %
Fixed income investments	45 %	50 %	58 %	61 %
Short-term investments	3 %	13 %	2 %	1 %
Other investments	10 %	9 %	9 %	3 %
Total	100 %	100 %	100 %	100 %

We manage our retirement plans in accordance with the provisions of ERISA and the regulations pertaining thereto as well as applicable legislation in Canada. Our investment policy objectives include maximizing long-term returns at acceptable risk levels, diversifying among asset classes, as applicable, and among investment managers as well as establishing certain risk parameters within asset classes. We have allocated our investments within the equity and fixed income asset classes to sub-asset classes designed to meet these objectives. In addition, our other alternative investments support multi-strategy objectives.

In developing our weighted average expected rate of return on plan assets, we consulted with our investment advisor and evaluated criteria based on historical returns by asset class and long-term return expectations by asset class. We currently expect to contribute approximately $208 million to our qualified defined benefit pension plans in fiscal 2013. However, it is possible that our assumptions or legislation may change, actual market performance may vary or we may decide to contribute a different amount. Therefore, the amount we contribute may vary materially. The expense for multiemployer plans for collective bargaining employees generally equals the contributions for these plans. We use a September 30 measurement date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The assumptions used to measure the benefit plan obligations at September 30 were:

	Pension Plans		Postretirement plans	
	2012	2011	2012	2011
Discount rate – U.S. Plans	4.22%	5.27%	4.22%	5.27%
Rate of compensation increase – U.S. Plans	2.00 - 2.50%	3.22%	N/A	N/A
Discount rate – Canadian Plans	4.14%	4.90%	4.14%	4.90%
Rate of compensation increase – Canadian Plans	3.00 - 3.25%	3.13%	3.00%	3.00%
Discount rate – SERP and Other Executive Plans	2.57 - 4.22%	0.87 - 4.61%	N/A	N/A
Rate of compensation increase – SERP and Other Executive Plans	6.00%	6.00%	N/A	N/A

We determine the discount rate with the assistance of actuaries. At September 30, 2012, the discount rate for the U.S. pension and postretirement plans was determined based on the yield on a theoretical portfolio of high-grade corporate bonds, and the discount rate for the Canadian pension, postretirement plans, SERP and the other executive plans was determined based on a yield curve developed by our actuary.

The theoretical portfolio of high-grade corporate bonds used to select the September 30, 2012 discount rate for the U.S. pension plans includes bonds generally rated Aa- or better with at least $100 million outstanding par value and bonds that are non-callable (unless the bonds possess a “make whole” feature). The theoretical portfolio of bonds has cash flows that generally match our expected benefit payments in future years.

Our assumption regarding the increase in compensation levels is reviewed periodically and the assumption is based on both our internal planning projections and recent history of actual compensation increases. We typically review our expected long-term rate of return on plan assets periodically through an asset allocation study with either our actuary or investment advisor. For fiscal 2013, we are changing our expected rate of return to 7.5% for our U.S. plans and to 6.9% for our Canadian plans based on an updated analysis of our long-term expected rate of return and our current asset allocation.

Changes in benefit obligation for the years ended September 30 (in millions):

	Pension Plans		Postretirement Plans	
	2012	2011	2012	2011
Benefit obligation at beginning of year	$4,363.5	$472.1	$167.5	$0.8
Service cost	30.1	17.2	1.5	0.6
Interest cost	221.4	95.1	7.8	3.2
Amendments	2.6	0.6	(0.2)	(1.0)
Actuarial loss (gain)	555.3	127.4	(2.5)	2.0
Plan participant contributions	3.0	1.2	5.9	2.3
Benefits paid	(263.5)	(101.6)	(17.4)	(6.4)
Business combinations	(4.2)	3,823.3	—	169.7
Foreign currency rate changes	65.3	(71.8)	3.6	(3.7)
Benefit obligation at end of year	$4,973.5	$4,363.5	$166.2	$167.5

The accumulated benefit obligation of the pension plans was $4,921.3 million and $4,318.8 million at September 30, 2012 and 2011, respectively. At September 30, 2012 and 2011, no plan had a fair value of plan assets which exceeded

its accumulated benefit obligation.

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Changes in plan assets for the years ended September 30 (in millions):

	Pension Plans		Postretirement Plans	
	2012	2011	2012	2011
Fair value of plan assets at beginning of year	$2,919.4	$306.3	$—	$—
Actual gain (loss) on plan assets	400.6	(114.8)	—	—
Employer contributions	367.5	62.4	11.5	4.1
Plan participant contributions	3.0	1.2	5.9	2.3
Benefits paid	(263.5)	(101.6)	(17.4)	(6.4)
Business combinations	—	2,823.8	—	—
Foreign currency rate changes	53.2	(57.9)	—	—
Fair value of assets at end of year	$3,480.2	$2,919.4	$—	$—

Our fiscal 2012 contributions include approximately $12.8 million to fund benefit payments for one of our non-qualified plans.

The table below sets forth the underfunded status recognized in the consolidated balance sheets at September 30 (in millions):

	Pension Plans		Postretirement Plans	
	2012	2011	2012	2011
Other current liability	$(0.2)	$(13.1)	$(12.0)	$(12.3)
Accrued pension and other long-term benefits	(1,493.1)	(1,431.0)	(154.2)	(155.2)
Net amount recognized	$(1,493.3)	$(1,444.1)	$(166.2)	$(167.5)

The pre-tax amounts in accumulated other comprehensive loss at September 30 not yet recognized as components of net periodic pension cost consist of (in millions):

	Pension Plans		Postretirement Plans	
	2012	2011	2012	2011
Net actuarial loss (income)	$877.0	$520.8	$(0.1)	$2.0
Prior service cost (credit)	5.0	3.2	(1.8)	(1.0)
Total accumulated other comprehensive loss (income)	$882.0	$524.0	$(1.9)	$1.0

The pre-tax amounts recognized in other comprehensive loss are as follows at September 30 (in millions):

	Pension Plans			Postretirement Plans	
	2012	2011	2010	2012	2011
Net actuarial loss (income) arising during period	$377.6	$334.0	$13.6	$(2.5)	$2.0
Amortization of net actuarial loss	(21.4)	(18.9)	(19.3)	—	—
Prior service cost (credit) arising during period	2.6	0.7	0.2	(0.5)	(1.0)
Amortization of prior service (cost) credit	(0.8)	(0.7)	(0.9)	0.1	—
Net amount recognized in other comprehensive loss (income)	$358.0	$315.1	$(6.4)	$(2.9)	$1.0

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The net periodic pension cost recognized in the consolidated statements of income is comprised of the following for fiscal years ended (in millions):

	Pension Plans			Postretirement Plans	
	2012	2011	2010	2012	2011
Service cost	$30.1	$17.2	$11.1	$1.5	$0.6
Interest cost	221.4	95.1	23.8	7.8	3.2
Expected return on plan assets	(222.1)	(91.9)	(23.9)	—	—
Amortization of net actuarial loss	21.4	18.9	19.3	—	—
Amortization of prior service cost (credit)	0.8	0.7	0.9	(0.1)	—
Company defined benefit plan expense	51.6	40.0	31.2	9.2	3.8
Multiemployer and other plans	9.8	4.6	1.8	—	—
Net pension cost	$61.4	$44.6	$33.0	$9.2	$3.8

The assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation ("APBO") are as follows at September 30:

	2012	
U.S. Plans		
Health care cost trend rate assumed for next year	9.38	%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00	%
Year the rate reaches the ultimate trend rate	2030	
Canadian Plans		
Health care cost trend rate assumed for next year	7.50	%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.70	%
Year the rate reaches the ultimate trend rate	2029	

The effect of a 1% change in the assumed health care cost trend rate would increase and decrease the APBO as of September 30, 2012 by approximately $8 million and would increase and decrease the annual net periodic postretirement benefit cost for 2012 by an immaterial amount.

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Weighted-average assumptions used in the calculation of benefit plan expense for fiscal years ended:

	Pension Plans			Postretirement Plans	
	2012	2011	2010	2012	2011
Discount rate – U.S. Plans	5.27%	5.50%	5.53%	5.27%	5.56%
Rate of compensation increase – U.S Plans	2.75 - 3.32%	3.11%	2.0-3.5%	N/A	N/A
Expected long-term rate of return on plan assets – U.S. Plans	8.00%	7.86%	8.65%	N/A	N/A
Discount rate – Canadian Plans	3.51 - 4.90%	5.13%	N/A	4.90%	5.13%
Rate of compensation increase – Canadian Plans	3.00 - 3.25%	3.75%	N/A	3.00%	3.75%
Expected long-term rate of return on plan assets – Canadian Plans	3.51 - 6.00%	6.00%	N/A	N/A	N/A
Discount rate – SERP and Other Executive Plans	0.87 - 4.61%	0.24 - 5.09%	4.21%	N/A	N/A
Rate of compensation increase SERP and Other Executive Plans	6.00%	6.00%	N/A	N/A	N/A

The estimated losses that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in fiscal 2013 are as follows (in millions):

	Pension Plans	Postretirement Plans
Actuarial loss	$40.6	$—
Prior service cost (credit)	0.9	(0.2)
	$41.5	$(0.2)

Our projection of estimated benefit payments (unaudited), which reflect expected future service, as appropriate, are as follows (in millions):

	Pension Plans	Postretirement Plans
Fiscal 2013	$282.4	$12.0
Fiscal 2014	304.5	12.1
Fiscal 2015	283.3	12.0
Fiscal 2016	289.9	11.9
Fiscal 2017	294.0	11.9
Fiscal Years 2018 – 2022	1,526.7	58.0

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The following tables summarize our pension plan assets measured at fair value on a recurring basis (at least annually) as of September 30, 2012 and September 30, 2011 (in millions):

	September 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
U.S. equities[a]	$275.5	$107.1	$168.4	$—
Non-U.S. equities[a]	808.3	99.8	708.5	—
Hedged equities[a]	277.4	—	277.4	—
Fixed income securities:				
U.S. government securities[b]	152.6	—	152.6	—
Non-U.S. government securities[c]	83.6	—	83.6	—
US corporate bonds[c]	667.7	98.3	569.4	—
Non-US corporate bonds[c]	489.8	188.8	301.0	—
Mortgage-backed securities[c]	46.5	—	46.5	—
Other fixed income[d]	233.0	—	233.0	—
Short-term investments[e]	114.4	114.4	—	—
Other investments:				
Alternative investments[f]	331.4	—	268.1	63.3
	$3,480.2	$608.4	$2,808.5	$63.3

	September 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
U.S. equities[a]	$266.6	$ 154.6	$ 112.0	$—
Non-U.S. equities[a]	611.3	215.8	395.5	—
Fixed income securities:				
U.S. government securities[b]	115.3	61.3	54.0	—
Non-U.S. government securities[c]	295.7	8.0	287.7	—
US corporate bonds[c]	628.1	75.2	552.9	—
Non-US corporate bonds[c]	389.6	128.2	260.0	1.4
Mortgage-backed securities[c]	36.6	—	36.6	—
Other fixed income[d]	73.0	4.4	68.6	—
Short-term investments[e]	289.9	289.9	—	—
Other investments:				
Alternative investments[f]	213.3	—	31.4	181.9
	$2,919.4	$ 937.4	$ 1,798.7	$ 183.3

(a) Equity securities are comprised of the following investment types: (i) common stock; (ii) preferred stock; (iii) equity exchange traded funds; (iv) hedged equity investments and (v) commingled equity funds.

Investments in common and preferred stocks are valued using quoted market prices multiplied by the number of shares owned. The investment in exchange traded funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date. The hedged equity investment is a commingled fund that consists primarily of equity indexed investments which are hedged by options

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and also holds collateral in the form of short term treasury securities. The commingled funds investments are valued at the net asset value per share multiplied by the number of shares held. The determination of net asset value for the commingled funds includes market pricing of the underlying assets as well as broker quotes and other valuation techniques.

(b) U.S. government securities include treasury and agency debt. These investments are valued using a broker quote in an active market.

(c) These investments are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer spreads, and/or other applicable reference data. The U.S. corporate bonds category is primarily comprised of U.S. dollar denominated investment grade securities. Commingled debt funds are valued at their net asset value per share multiplied by the number of shares held. The determination of net asset value for the commingled funds includes market pricing of the underlying assets as well as broker quotes and other valuation techniques.

(d) Other fixed income is comprised of municipal and asset-backed securities. Investments are valued utilizing a market approach that includes various valuation techniques and sources such as, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer spreads, and/or other applicable reference data.

(e) Short-term investments are valued at $1.00/unit, which approximates fair value. Amounts are generally invested in interest-bearing accounts.

(f) The alternative investments are diversified across multiple asset managers and several types of asset classes including hedge funds, private equity partnerships and real estate funds. The hedge funds are valued at net asset value. Fair value of the private equity partnerships is determined based on discounted cash flow analysis that utilizes unobservable inputs such as weighted average cost of capital ranging from 7.3% to 20.0%, residual growth rate assumptions ranging from 1.5% to 4.0%, revenue growth rates ranging from 1.6% to 9.1% and EBITDA of market comparable companies with multiples ranging from 4.8 to 14.5. The fair value of our real estate funds is based on the utilization of various unobservable inputs including but not limited to rental rate factors ranging from 0% to 25%, capitalization rates ranging from 5% to 8%, discount rates ranging from 7% to 9% and inflation rates ranging from 0% to 5%.

The following table summarizes the changes in our Level 3 pension plan assets for the years ended September 30, 2012 and 2011 (in millions):

	Non-US Corporate Bonds	Alternative Investments	Total
Balance as of September 2010	$1.4	$23.0	$24.4
Purchases, sales, issuances, and settlements, net	—	179.2	179.2
Actual return on plan assets, relating to instruments still held at end of year	—	—	—
Transfers in / (out) of level 3	—	(20.3)	(20.3)
Balance as of September 30, 2011	$1.4	$181.9	$183.3

Purchases, sales, issuances, and settlements, net	(1.3)	(1.6)	(2.9)
Actual return on plan assets:			
Relating to instruments still held at end of year	—	9.7	9.7
Relating to instruments sold during the year	(0.1)	2.8	2.7
Transfers in / (out) of level 3	—	(129.5)	(129.5)
Balance as of September 30, 2012	$—	$63.3	$63.3

The pension assets acquired in connection with the fiscal 2011 Smurfit-Stone Acquisition are included in the Purchases, sales, issuances, and settlements, net line in the table above. They are the primary reason for the increase in the Level 3 assets in fiscal 2011. Various alternative investments are subject to initial one-year lock-up restrictions with monthly or quarterly redemption requirements that include a specified notice period in order to liquidate. As such, these alternative investments are categorized as

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Level 3 assets in fiscal 2011. In fiscal 2012 these lock-up restrictions expired and the alternative investments were transferred to Level 2.

Multiemployer Plans

We participate in several multiemployer pension plans ("MEPPs") administered by labor unions that provide retirement benefits to certain union employees in accordance with various collective bargaining agreements ("CBAs"). Approximately 48% of our employees are covered by CBAs, of which approximately 13% of our employees who are covered by CBAs that have expired and another 27% are covered by CBAs that expire within one year. As one of many participating employers in these MEPPs, we are generally responsible with the other participating employers for any plan underfunding. Our contributions to a particular MEPP are established by the applicable CBAs; however, our required contributions may increase based on the funded status of an MEPP and legal requirements such as those of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact funded status of an MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions and the utilization of extended amortization provisions.

A FIP or RP requires a particular MEPP to adopt measures to correct its underfunded status. These measures may include, but are not limited to: (a) an increase in our contribution rate to the applicable CBA, (b) a reallocation of the contributions already being made by participating employers for various benefits to individuals participating in the MEPP and/or (c) a reduction in the benefits to be paid to future and/or current retirees. In addition, the PPA requires that a 5% surcharge be levied on employer contributions for the first year commencing shortly after the date the employer receives notice that the MEPP is in critical status and a 10% surcharge on each succeeding year until a CBA is in place with terms and conditions consistent with the RP.

We could also be obligated to make future payments to MEPPs if we either cease to have an obligation to contribute to the MEPP or significantly reduce our contributions to the MEPP because we reduce our number of employees who are covered by the relevant MEPP for various reasons, including, but not limited to, layoffs or closures, assuming the MEPP has unfunded vested benefits. The amount of such payments (known as a complete or partial withdrawal liability) generally would equal our proportionate share of the MEPPs' unfunded vested benefits. We believe that certain of the MEPP's in which we participate have material unfunded vested benefits. Primarily as a result of the Smurfit-Stone Acquisition, our share of the contributions to some of these plans did exceed 5% of total plan contributions for certain plan years. Due to uncertainty regarding future factors that could trigger withdrawal liability, as well as the absence of specific information regarding matters such as the MEPP's current financial situation due in part to delays in reporting, the potential withdrawal or bankruptcy of other contributing employers, the impact of future plan performance or the success of current and future funding improvement or rehabilitation plans to restore solvency to the plans, we are unable to determine the amount and timing of any future withdrawal liability, changes in future funding obligations, or the impact of increased contributions, including those that could be triggered by a mass withdrawal of other employers from a MEPP. There can be no assurance that the impact of increased contributions, future funding obligations or future withdrawal liabilities will not be material to our results of operations, financial condition or cash flows. At September 30, 2012 and 2011 we had a withdrawal liability recorded of $3.9 million and $3.9 million, respectively, in connection with the Smurfit-Stone Acquisition.

The following table lists our participation in our multiemployer and other plans for the years ended September 30 that are individually significant (in millions):

Pension Fund	Contributions (a)

	EIN / Pension Plan Number	Pension Protection Act Zone Status		FIP / RP Status Pending / Implemented				Surcharge imposed?	Expiration CBA
		2012	2011		2012	2011	2010		
U.S. Multiemployer plans:									
Pace Industry Union-Management Pension Fund	11-6166763 / 001	Red	Red	Yes-Implemented	$3.6	$1.8	$0.6	Yes	9/30/11 to 6/2/2015
Other Funds					6.2	2.8	1.2		
Total Contributions:					$9.8	$4.6	$1.8		

(a) Contributions represent the amounts contributed to the plan during the fiscal year. Contributions to the Pace Industry Union-Management Pension Fund for fiscal 2010 did not exceed 5% of total plan contributions; however, our contributions for fiscal

2011 exceeded 5% of total plan contributions. The increase was primarily due to contributions related to locations acquired as part of the Smurfit-Stone Acquisition. Although the plan data for fiscal 2012 is not yet available, we would expect to continue to exceed 5% of total plan contributions.

Defined Contribution Plans

We have 401(k) and other defined contribution plans that cover all of our salaried and nonunion hourly employees as well as certain employees covered by union collective bargaining agreements, subject to an initial waiting period. The 401(k) plans permit participants to make contributions by salary reduction pursuant to Section 401(k) of the Code. Due primarily to acquisitions, we have had plans with varied terms, at September 30, 2012 the company contributions are generally up to 3% to 4%. During fiscal 2012, 2011, and 2010, we recorded expense of $31.8 million, $20.3 million, and $12.3 million, respectively, related to the 401(k) plans and defined contribution plans.

Supplemental Retirement Plans

We have supplemental retirement savings plans (the “Supplemental Plans”) that are nonqualified deferred compensation plans. We intend to provide participants with an opportunity to supplement their retirement income through deferral of current compensation. These plans are divided into a broad based section and the senior executive section. The broad based section was put into effect on January 1, 2006 for certain highly compensated employees whose 401(k) contributions were capped at a maximum deferral rate in certain 401(k) plans in an effort to pass the nondiscrimination tests in those plans. Participants in the broad based section of the plan can contribute base pay up to a certain maximum dollar amount determined annually. In addition, amounts are contributed for certain executives whose participation in our pension plans is limited or excluded. Contributions in the broad based section of the plan are not matched. Amounts deferred and payable under the Supplemental Plans are our unsecured obligations (the “Obligations”), and rank equally with our other unsecured and unsubordinated indebtedness outstanding. Each participant in the senior executive portion of the plan elects the amount of eligible base salary and/or eligible bonus to be deferred to a maximum deferral of 6% of base salary and eligible bonus. We match $0.50 on the dollar of the amount contributed by participants in the senior executive section. Each Obligation will be payable on a date selected by us pursuant to the terms of the Supplemental Plans. Generally, we are obligated to pay the Obligations after termination of the participant’s employment or in certain emergency situations. We will adjust each participant’s account for investment gains and losses under the Supplemental Plans in accordance with the participant’s investment election or elections (or default election or elections) as in effect from time to time. We will make all such adjustments at the same time and in accordance with the same procedures followed under our 401(k) plans for crediting investment gains and losses to a participant’s account under our 401(k) plans. The Obligations are denominated and payable in United States dollars. The amount recorded for both the asset and liability was approximately $6.9 million and $8.7 million respectively, at September 30, 2012. The investment alternatives available under the Supplemental Plans are generally similar to investment alternatives you would find available under 401(k) plans. The recorded expense for the current fiscal year and the preceding two fiscal years was not significant.

Note 14. Shareholders’ Equity

Capitalization

Our capital stock consists solely of our Class A common stock, par value $0.01 per share. Holders of our Common Stock are entitled to one vote per share. Our articles of incorporation also authorize preferred stock, of which no shares have been issued. The terms and provisions of such shares will be determined by our board of directors upon

any issuance of such shares in accordance with our articles of incorporation.

Stock Repurchase Plan

Our board of directors has approved a stock repurchase plan that allows for the repurchase of shares of Common Stock over an indefinite period of time. Our stock repurchase plan, as amended, allows for the repurchase of a total of 6.0 million shares of Common Stock. Pursuant to our repurchase plan, in fiscal 2012 and 2011, we did not repurchase any shares of Common Stock. In fiscal 2010 we repurchased approximately 0.1 million shares for an aggregate cost of $3.6 million. As of September 30, 2012, we had approximately 1.8 million shares of Common Stock available for repurchase under the amended repurchase plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 15. Share-Based Compensation

Stock-based Compensation Plan

We issue nonqualified stock options and restricted stock to certain key employees and our directors pursuant to our Amended and Restated 2004 Incentive Stock Plan ("2004 Incentive Stock Plan"). We also have options and restricted stock outstanding under our preexisting 2000 Incentive Stock Plan. We also maintain an employee stock purchase plan that provides for the purchase of shares by all of our eligible employees at a 15% discount.

Our 2004 Incentive Stock Plan allows for the granting of options and restricted stock, stock appreciation rights and restricted stock units to certain key employees and directors for the issuance of approximately 7.9 million shares of Common Stock, including 3.3 million shares our board of directors authorized and our shareholders approved in fiscal 2012. As of September 30, 2012, approximately 3.3 million shares were available for the future grant of awards. If all adjustable share restricted stock awards achieve the maximum adjustment of target, approximately 0.7 million additional shares would be issued and reduce the number of shares available for future grant by the same amount.

In connection with the Smurfit-Stone Acquisition, we assumed the Smurfit-Stone equity incentive plan, which was renamed the Rock-Tenn Company (SSCC) Equity Incentive Plan. The shares available for issuance, and stock options and unvested restricted stock units outstanding at the time of the Smurfit-Stone Acquisition, under the Smurfit-Stone plan were converted into shares of our Common Stock and options and restricted stock units, as applicable, with respect to shares of our Common Stock using the conversion factor as described in the merger agreement. Future grants under this plan will be exclusive to legacy Smurfit-Stone employees who continue employment with RockTenn. The number of shares available under this plan upon conversion was approximately 4.0 million shares. As of September 30, 2012, approximately 2.6 million shares were available for future grants; however, we have determined that we will not make any more grants of awards pursuant to the Rock-Tenn Company (SSCC) Equity Incentive Plan. If all adjustable share restricted stock awards achieve the maximum adjustment of target, less than approximately 0.1 million additional shares would be issued and reduce the number of shares available for future grant by the same amount.

Our results of operations for the fiscal years ended September 30, 2012, 2011, and 2010 include share-based compensation expense of $29.2 million, $21.4 million and $16.0 million, respectively. The total income tax benefit in the results of operations in connection with share-based compensation was $11.1 million, $8.2 million and $6.0 million, for the fiscal years ended September 30, 2012, 2011, and 2010, respectively.

ASC 718 requires that the benefits of tax deductions in excess of recognized compensation cost are reported as a financing cash flow. Excess tax benefits of approximately $10.0 million and $4.3 million were included in cash used for financing activities in fiscal 2012 and 2010, respectively. There were no excess tax benefits recognized in fiscal 2011 as we were in a net operating loss carryforward position. Cash received from share-based payment arrangements for the fiscal years ended September 30, 2012, 2011, and 2010 was $17.3 million, $34.9 million and $5.7 million, respectively.

Stock Options

Options granted under our plans have an exercise price equal to the closing market price on the date of the grant, vest in increments over a period of up to five years and have 10-year contractual terms. Our option grants provide for accelerated vesting if there is a change in control (as defined in the applicable plan). However, the Compensation

Committee of the board of directors has determined that future grants, other than circumstances such as death and disability, will include a provision requiring a change of control and termination of employment to accelerate vesting.

We estimate, at the date of grant, the fair values for the options we granted using a Black-Scholes option pricing model. We use historical data to estimate option exercises and employee terminations in determining the expected term in years for stock options. Expected volatility is calculated based on the historical volatility of our stock. The risk-free interest rate is based on U.S. Treasury securities in effect at the date of the grant of the stock options. The dividend yield is estimated based on our historic annual dividend payments and current expectations for the future.

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We applied the following weighted average assumptions to estimate the fair value of stock option grants made in the following periods:

	2012		2011		2010	
Expected term in years	5.3		5.2		5.0	
Expected volatility	47.3	%	46.5	%	48.2	%
Risk-free interest rate	0.8	%	2.1	%	2.3	%
Dividend yield	1.4	%	1.4	%	1.4	%

As part of the Smurfit-Stone Acquisition, outstanding options to purchase Smurfit-Stone common stock under the Smurfit-Stone equity incentive plan were assumed by RockTenn and converted into a vested option to purchase RockTenn Common Stock in fiscal 2011 based on an equity award exchange ratio. We issued 1,314,251 vested options that were valued at $42.89 per share using the Black-Scholes option pricing model which resulted in the inclusion of $56.4 million in the Smurfit-Stone Acquisition purchase price. The significant assumptions used were: an expected term of 3.5 years; an expected volatility of 48.8%; expected dividends of 1.4%; and a risk free rate of 1.1%.

The table below summarizes the changes in all stock options during the year ended September 30, 2012:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at September 30, 2011	1,532,103	$36.35		
Granted	255,250	63.38		
Exercised	(402,684)	33.95		
Expired	(9,800)	18.86		
Forfeited	(32,900)	61.24		
Outstanding at September 30, 2012	1,341,969	$41.73	6.4	$40.9
Exercisable at September 30, 2012	812,377	$30.99	5.1	$33.5
Vested and expected to vest at September 30, 2012	1,306,107	$42.17	6.4	$39.2

The weighted average grant date fair value for options granted during the fiscal years ended September 30, 2012, 2011, and 2010 was $23.81, $41.09, and $16.81 per share, respectively. The increase in the grant date fair value in fiscal 2011 was due to the replacement shares issued in connection with the Smurfit-Stone Acquisition discussed above. The aggregate intrinsic value of options exercised during the years ended September 30, 2012, 2011, and 2010 was $13.5 million, $31.7 million, and $5.6 million, respectively.

As of September 30, 2012, there was $4.7 million of total unrecognized compensation cost related to nonvested stock options; that cost is expected to be recognized over a weighted average remaining vesting period of 1.9 years. We amortize these costs using the accelerated attribution method.

Restricted Stock and Restricted Stock Units

Restricted stock is typically granted annually to certain of our employees and non-employee directors. Our non-employee directors awards have a service condition. The vesting provisions for our employees may vary from

grant to grant, however, vesting generally is contingent upon meeting various service and/or performance or market goals including, but not limited to, certain increases in earnings per share, achievement of certain stock price targets, achievement of various financial targets, or percentage return on common stock or annual average return over capital costs compared to our Peer Group (as defined in the award documents). Subject to the level of performance attained, the target award of some of the grants may be increased up to 200% of target or decreased to zero depending upon the terms of the individual grant. The grants generally vest over a period of three years depending on the nature of the vesting provisions, except for non-employee director grants, which vest over one year. Our grants provide for

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accelerated vesting if there is a change in control (as defined in the applicable plan). However, the Compensation Committee of the board of directors has determined that future grants, other than circumstances such as death and disability, will include a provision requiring a change of control and termination of employment to accelerate vesting.

Our grants to our non-employee directors are treated as issued and carry dividend and voting rights, certain of our other restricted stock awards issued prior to fiscal 2010 that had met all criteria other than service conditions were treated as issued and carried dividend and voting rights. At September 30, 2012 and September 30, 2011, shares of restricted stock of less than 0.1 million and 0.4 million, respectively, are reflected in our accompanying balance sheets as issued that have not yet met the service condition to vest.

The table below summarizes the changes in unvested restricted stock awards during the year ended September 30, 2012:

	Shares	Weighted Average Grant Date Fair Value
Unvested at September 30, 2011	1,005,343	$41.95
Granted	410,250	63.28
Vested	(495,368)	28.72
Forfeited	(57,550)	59.04
Unvested at September 30, 2012	862,675	$58.66

There was approximately $36.3 million of unrecognized compensation cost related to all unvested restricted shares as of September 30, 2012 that will be recognized over a weighted average remaining vesting period of 1.4 years.

The following table represents a summary of restricted stock vested in fiscal 2012, 2011, and 2010 (in millions, except shares):

	2012	2011	2010
Shares of restricted stock vested	495,368	420,596	361,552
Aggregate fair value of restricted stock vested	$33.6	$28.0	$16.9

The following table represents a summary of restricted stock shares granted in fiscal 2012, 2011, and 2010 with terms defined in the applicable grant letters. The shares are not deemed to be issued and carry dividend and voting rights until the relevant conditions defined in the award documents have been met, unless otherwise noted.

	2012	2011	2010
Shares of restricted stock granted to non-employee directors[1]	20,700	20,155	22,000
Shares of restricted stock granted to employees:			
Shares granted for attainment of a performance condition at an amount in excess of target[2]	—	173,028	50,400
Shares granted with a service condition and a Cash Flow to Equity Ratio performance condition at target[3]	389,550	262,775	254,450
Total restricted stock granted	410,250	455,958	326,850

(1) Non-employee director grants vest over one year and are deemed issued on the grant date and have voting and dividend rights. Also includes converted restricted stock units held by the Smurfit-Stone directors who served on

the RockTenn board of directors in fiscal 2011.

(2) Shares issued in fiscal 2011 for the fiscal 2009 Cash Flow to Equity Ratio, the fiscal 2008 Annual Average Return over Capital Costs and the fiscal 2008 Total Shareholder Return were each at 150% of target. Shares issued in fiscal 2010 for the fiscal 2007 Annual Average Return over Capital Costs and the fiscal 2007 Total Shareholder Return grants each attained performance at 150% of the respective target.

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(3) These employee grants vest over approximately three years and have varied adjustable ranges by grant from 0-200% of target subject to the level of performance attained in the respective award agreement.

Expense is recognized on grants with a performance condition and service condition on a straight-line basis over the explicit service period when we estimate that it is probable the performance conditions will be satisfied. Expense recognized on grants with a performance condition that affects how many shares are ultimately awarded is based on the number of shares expected to be awarded. Expense is recognized on grants with a market condition and service condition on a straight-line basis over the requisite service period, which is based on the explicit service period.

Employee Stock Purchase Plan

Under the 1993 Employee Stock Purchase Plan, as amended and restated (the “Plan”), shares of Common Stock are reserved for purchase by substantially all of our qualifying employees. The Plan allows for the purchase of a total of approximately 4.3 million shares of Common Stock. During fiscal 2012, 2011, and 2010, employees purchased approximately 0.1 million, 0.1 million and 0.1 million shares, respectively, under the Plan. We recognized $0.6 million, $0.5 million, and $0.4 million of expense for fiscal 2012, 2011, and 2010, respectively, related to the 15% discount on the purchase price allowed to employees. As of September 30, 2012, approximately 0.8 million shares of Common Stock remained available for purchase under the Plan.

Note 16. Related Party Transactions

We sell products to affiliated companies. Net sales to the affiliated companies for the fiscal years ended September 30, 2012, 2011, and 2010 were approximately $353.3 million, $156.6 million, and $107.5 million, respectively. Accounts receivable due from the affiliated companies at September 30, 2012 and 2011 was $38.5 million and $29.8 million, respectively, and was included in accounts receivable on our consolidated balance sheets.

Note 17. Commitments and Contingencies

Capital Additions

Estimated costs for future purchases of fixed assets that we are obligated to purchase as of September 30, 2012, total approximately $22.5 million.

Environmental and Other Matters

Environmental compliance requirements are a significant factor affecting our business. We employ processes in the manufacture of pulp, paperboard and other products which result in various discharges, emissions and wastes. These processes are subject to numerous federal, state, local and foreign environmental laws and regulations. We operate and expect to continue to operate, under environmental permits and similar authorizations from various governmental authorities that regulate such discharges, emissions and wastes. Environmental programs in the U.S. are primarily established, administered and enforced at the federal level by the United States Environmental Protection Agency (“EPA” or “Agency”). In addition, many of the jurisdictions in which we operate have adopted equivalent or more stringent environmental laws and regulations or have enacted their own parallel environmental programs.

In 2004, the EPA promulgated a Maximum Achievable Control Technology (“MACT”) regulation that established air emissions standards and other requirements for industrial, commercial and institutional boilers. The rule was

challenged by third parties in litigation, and in 2007, the United States Court of Appeals for the D. C. Circuit issued a decision vacating and remanding the rule to the EPA. Under court order, the EPA published a set of four interrelated rules in March 2011, commonly referred to as the “Boiler MACT”. The EPA also published notice in March 2011 that it would reconsider certain aspects of the Boiler MACT in order to address “difficult technical issues” raised during the public comment period. The Agency stayed a portion of the final Boiler MACT during its reconsideration process; however, this stay was vacated by a federal district court on January 9, 2012. On December 23, 2011, the EPA published a proposed rule containing multiple changes to the Boiler MACT rules issued in March 2011. While certain changes made in the December 23, 2011 proposed rule would provide additional flexibility, others would impose more stringent requirements on some types of boilers, such as those that burn pulverized coal and wet biomass. RockTenn's preliminary estimate of the cost of compliance with the Boiler MACT rules is approximately $200 million; however, the EPA has indicated its intention to make further changes to these rules that could materially impact the ultimate costs to us, as well as other

operators in our industry. As a result, neither the amount that RockTenn will be required to spend for compliance with the final Boiler MACT nor the timing of those expenditures can be quantified with certainty until the EPA issues its revised, final rules.

Certain jurisdictions in which the Company has manufacturing facilities or other investments have taken actions to address climate change. In the U.S., the EPA has issued the Clean Air Act permitting regulations applicable to facilities that emit greenhouse gases ("GHGs"). These regulations became effective for certain GHG sources on January 2, 2011, with implementation for other sources to be phased in over the next several years. The EPA also has promulgated a rule requiring facilities that emit 25,000 metric tons or more of carbon dioxide (CO_2) equivalent per year to file an annual report of their emissions. Some U.S. states and Canadian provinces in which RockTenn has manufacturing operations are also taking measures to reduce GHG emissions. For example, on November 18, 2009, Quebec, which is participating in the Western Climate Initiative, adopted a target of reducing GHG emissions by 20% below 1990 levels by 2020. In December 2011, Quebec issued a final regulation establishing a cap-and-trade program that will require reductions in GHG emissions from covered emitters beginning on January 1, 2013. Enactment of the Quebec cap-and-trade program may require capital expenditures to modify our containerboard mill assets in Quebec to meet required GHG emission reduction requirements in future years. Such requirements also may increase energy costs above the level of general inflation and result in direct compliance and other costs. However, we do not believe that compliance with the requirements of the new cap-and-trade program will have a material adverse effect on our operations or financial condition. We have systems in place for tracking the GHG emissions from our energy-intensive facilities, and we carefully monitor developments in climate change laws, regulations and policies to assess the potential impact of such developments on our operations and financial condition.

In addition to Boiler MACT and greenhouse gas standards, the EPA has recently finalized a number of other environmental rules, which may impact the pulp and paper industry. The EPA also is revising existing environmental standards and developing several new rules that may apply to the industry in the future. We cannot currently predict with certainty how any future changes in environmental laws, regulations and/or enforcement practices will affect our business; however, it is possible that our compliance, capital expenditure requirements and operating costs could increase materially.

On October 1, 2010, our Hopewell, Virginia containerboard mill received a Finding of Violation and Notice of Violation ("NOV") from EPA Region III alleging certain violations of regulations that require treatment of kraft pulping condensates. We strongly disagree with the assertion of the violations in the NOV and are vigorously defending ourselves in this matter. We also are involved in various other administrative proceedings relating to environmental matters that arise in the normal course of business. Although the ultimate outcome of such matters cannot be predicted with certainty and we cannot at this time estimate any reasonably possible losses, management does not believe that the currently expected outcome of any environmental proceeding, lawsuit or claim that is pending or threatened against us will have a material adverse effect on our results of operations, financial condition or cash flows.

In March 2012, we became aware that one of our facilities in Pennsylvania had been improperly collecting and reporting wastewater discharge data. We promptly reported this matter to the Pennsylvania Department of Environmental Protection ("PaDEP"). During March 2012, we also received data indicating that the facility's wastewater discharge was not in conformance with certain permitted discharge limitations. We immediately discontinued operations at the facility and reported the data to PaDEP. We have since restarted operations at the facility in a manner that complies with the facility's discharge permits. The PaDEP has advised us that we met the PaDEP's voluntary audit policy; therefore, we believe that any potential fine relating to those matters will not have a significant adverse effect on our results of operations, financial condition or cash flows.

We also face potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") and analogous state laws as a result of releases, or threatened releases, of hazardous substances into the environment from various sites owned and operated by third parties at which Company-generated wastes have allegedly been deposited. Generators of hazardous substances sent to off-site disposal locations at which environmental problems exist, as well as the owners of those sites and certain other classes of persons, all of whom are referred to as potentially responsible parties ("PRPs" or "PRP") are, in most instances, subject to joint and several liability for response costs for the investigation and remediation of such sites under CERCLA and analogous state laws, regardless of fault or the lawfulness of the original disposal. Liability is typically shared with other PRPs and costs are commonly allocated according to relative amounts of waste deposited and other factors.

On January 26, 2009, Smurfit-Stone and certain of its subsidiaries filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Smurfit-Stone's Canadian subsidiaries also filed to reorganize in Canada. We believe that matters relating to previously identified third party PRP sites and certain formerly owned facilities of Smurfit-Stone have been or will be satisfied claims in the Smurfit-Stone bankruptcy proceedings. However, we may face additional liability for cleanup activity at

sites that existed prior to bankruptcy discharge, but are not currently identified. Some of these liabilities may be satisfied from existing bankruptcy reserves. We may also face liability under CERCLA and analogous state and other laws at other ongoing and future remediation sites where we may be a PRP. In addition to the above mentioned sites, certain of our current or former locations are being studied or remediated under various environmental laws and regulations, but we do not believe that the costs of these projects will have a material adverse effect on our results of operations, financial condition or cash flows.

We believe that we can assert claims for indemnification pursuant to existing rights we have under settlement and purchase agreements in connection with certain of our existing remediation sites. However, there can be no assurance that we will be successful with respect to any claim regarding these indemnification rights or that, if we are successful, any amounts paid pursuant to the indemnification rights will be sufficient to cover all our costs and expenses. We also cannot predict with certainty whether we will be required to perform remediation projects at other locations, and it is possible that our remediation requirements and costs could increase materially in the future. In addition, we cannot currently assess with certainty the impact that future federal, state or other environmental laws, regulations or enforcement practices will have on our results of operations, financial condition or cash flows.

Our operations are subject to federal, state, local and foreign laws and regulations relating to workplace safety and worker health including the Occupational Safety and Health Act (“OSHA”) and related regulations. OSHA, among other things, establishes asbestos and noise standards and regulates the use of hazardous chemicals in the workplace. Although we do not use asbestos in manufacturing our products, some of our facilities contain asbestos. For those facilities where asbestos is present, we believe we have properly contained the asbestos and/or we have conducted training of our employees in an effort to ensure that no federal, state or local rules or regulations are violated in the maintenance of our facilities. We do not believe that future compliance with health and safety laws and regulations will have a material adverse effect on our results of operations, financial condition or cash flows.

As of September 30, 2012, we had approximately $4.5 million reserved for environmental liabilities on an undiscounted basis, of which $2.6 million is included in other long-term liabilities and $1.9 million in other current liabilities. We believe the liability for these matters was adequately reserved at September 30, 2012.

Litigation Relating to the Smurfit-Stone Acquisition

Three complaints on behalf of the same putative class of Smurfit-Stone stockholders were filed in the Delaware Court of Chancery challenging our acquisition of Smurfit-Stone: Marks v. Smurfit-Stone Container Corp., et al., Case No. 6164 (filed February 2, 2011); Spencer v. Moore, et al., Case No. 6299 (filed March 21, 2011); and Gould v. Smurfit-Stone Container Corp., et al., Case No. 6291 (filed March 17, 2011). On March 24, 2011, these cases were consolidated. On May 2, 2011, the court granted class certification, appointing the lead plaintiffs and their counsel to represent a class of all record and beneficial holders of Smurfit-Stone common stock as of January 23, 2011 or their successors in interest, but excluding the named defendants and any person, firm, trust, corporation or other entity related to or affiliated with any of the defendants.

On October 5, 2011, we reached an agreement to settle the class action with the plaintiffs. Under the terms of the proposed settlement, the class released all claims against us and the former directors of Smurfit-Stone that arise out of the class members’ ownership of Smurfit-Stone shares between the dates on which the merger was agreed and consummated and that are based on the merger agreement or the acquisition, disclosures or statements concerning the merger agreement or the acquisition, or any of the matters alleged in the lawsuit. In exchange for these releases, we granted the former Smurfit-Stone shareholders (other than those who have already asserted their appraisal rights) the

right to bring and participate in a future "quasi-appraisal" proceeding in which the court would assess the value of a share of Smurfit-Stone common stock on a stand-alone basis as of the closing of the transaction. The proposed settlement was subject to a number of conditions, including final court approval. A settlement approval hearing was held on December 9, 2011, and the court entered a final order and judgment approving the settlement on February 2, 2012. No appeal was filed, and the settlement is therefore final.

The deadline for class members to participate in any quasi-appraisal proceeding was April 9, 2012. The deadline for class members to file quasi-appraisal petitions was May 9, 2012. No such petition was filed as of the deadline. Accordingly, there will not be any quasi-appraisal proceeding, and we have returned the money we received from claimants.

On February 17, 2011, a putative class action complaint asserting similar claims against RockTenn regarding the Smurfit-Stone acquisition was filed in the United States District Court for the Northern District of Illinois under the caption of Dabrowski v. Smurfit-Stone Container Corp., et al., C.A. No. 1:11-cv-01136. On August 4, 2011, the plaintiff voluntarily dismissed this

matter without prejudice. Four complaints on behalf of the same putative class of Smurfit-Stone stockholders were filed in the Circuit Court for Cook County, Illinois challenging RockTenn's acquisition of Smurfit-Stone: Gold v. Smurfit-Stone Container Corp., et al., No. 11-CH-3371 (filed January 26, 2011); Roseman v. Smurfit-Stone Container Corp., et al., No. 11-CH-3519 (filed January 27, 2011); Findley v. Smurfit-Stone Container Corp., et al., No. 11-CH-3726 (filed January 28, 2011); and Czech v. Smurfit-Stone Container Corp., et al., No. 11-CH-4282 (filed February 4, 2011). On February 10, 2011, these cases were consolidated together. On July 20, 2011, this consolidated matter was dismissed without prejudice by agreement with plaintiffs.

All class litigation regarding the acquisition of Smurfit-Stone is now concluded.

Other Litigation

In late 2010, Smurfit-Stone was one of nine U.S. and Canadian containerboard producers named as defendants in a lawsuit alleging that these producers violated the Sherman Act by conspiring to limit the supply and fix the prices of containerboard from mid-2005 through November 8, 2010. RockTenn CP, LLC, as the successor to Smurfit-Stone, is a defendant with respect to the period after Smurfit-Stone's discharge from bankruptcy in June 30, 2010 through November 8, 2010. The complaint seeks treble damages and costs, including attorney's fees. The defendants' motions to dismiss the complaint were denied by the court in April 2011. We believe the allegations are without merit and will defend this lawsuit vigorously. However, as the lawsuit is in the early stages of discovery, we are unable to predict the ultimate outcome or estimate a range of reasonably possible losses.

We are a defendant in a number of other lawsuits and claims arising out of the conduct of our business. While the ultimate results of such suits or other proceedings against us cannot be predicted with certainty, management believes the resolution of these other matters will not have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Guarantees

We have made the following guarantees as of September 30, 2012:

- we have a 49% ownership interest in Seven Hills Paperboard, LLC ("Seven Hills"). The joint venture partners guarantee funding of net losses in proportion to their share of ownership;

- in connection with the Smurfit-Stone Acquisition, we have certain wood chip processing contracts extending from 2012 through 2018 with minimum purchase commitments. As part of the agreements, we guarantee the third party contractors' debt outstanding and have a security interest in the chipping equipment. At September 30, 2012, the maximum potential amount of future payments related to these guarantees was approximately $8 million, which decreases ratably over the life of the contracts. In the event the guarantees on these contracts were called, proceeds from the liquidation of the chipping equipment would be based on current market conditions and we may not recover in full the guarantee payments made;

- as part of acquisitions we have acquired interests in unconsolidated entities for which we guarantee less than $4 million in debt, primarily for bank loans; and

- we lease certain manufacturing and warehousing facilities and equipment under various operating leases. A substantial number of these leases require us to indemnify the lessor in the event that additional taxes are assessed due

to a change in the tax law. We are unable to estimate our maximum exposure under these leases because it is dependent on changes in the tax law.

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Seven Hills Option

Seven Hills commenced operations on March 29, 2001. Our partner in the Seven Hills joint venture has the option to require us to purchase its interest in Seven Hills, at a formula price, effective on the sixth or any subsequent anniversary of the commencement date by providing us notice two years prior to any such anniversary. The earliest date on which we could be required to purchase our partner's interest is March 29, 2015. We have not recorded any liability for this unexercised option. We currently project this contingent obligation to purchase our partner's interest (based on the formula) to be approximately $11 million at September 30, 2012, which would result in a purchase price of approximately 54% of our partner's net equity reflected on Seven Hills' September 30, 2012 balance sheet.

Note 18. Segment Information

Our business segments comprise the following: Corrugated Packaging, consisting of our containerboard mills and our corrugated converting operations; Consumer Packaging, consisting of our coated and uncoated paperboard mills, consumer packaging converting operations and merchandising display facilities; and Recycling, which consists of our recycled fiber brokerage and collection operations.

Some of our operations included in the segments are located in Canada, Mexico, Chile, Argentina, Puerto Rico and China. The table below reflects financial data of our foreign operations for each of the past three fiscal years (in millions, except percentages):

	Years Ended September 30,		
	2012	2011	2010
Foreign net sales to unaffiliated customers	$1,238.6	$639.0	$267.9
Foreign segment income	$48.7	$62.1	$32.9
Foreign long-lived assets	$496.7	$513.1	$96.8
Foreign operations as a percent of consolidated operations:			
Foreign net sales to unaffiliated customers	13.5 %	11.8 %	8.9 %
Foreign segment income	6.8 %	11.7 %	7.9 %
Foreign long-lived assets	8.9 %	9.3 %	7.7 %

The foreign net sales to unaffiliated customers, segment income and long-lived assets are primarily associated with operations in Canada.

We evaluate performance and allocate resources based, in part, on profit from operations before income taxes, interest and other items. The accounting policies of the reportable segments are the same as those described above in "Note 1. Description of Business and Summary of Significant Accounting Policies". We account for intersegment sales at prices that approximate market prices. For segment reporting purposes, we include our equity in income of unconsolidated entities in segment income, as well as our investments in unconsolidated entities in segment identifiable assets, neither of which is material.

We do not allocate some of our income and expenses to our segments and, thus, the information that management uses to make operating decisions and assess performance does not reflect such amounts. Items not allocated are reported as non-allocated expenses or in other line items in the table below after segment income.

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The following table shows selected operating data for our segments (in millions):

	Years Ended September 30,		
	2012	2011	2010
Net sales (aggregate):			
Corrugated Packaging	$6,171.2	$2,768.7	$800.6
Consumer Packaging	2,557.5	2,359.8	2,132.9
Recycling	1,228.8	585.9	150.6
Total	$9,957.5	$5,714.4	$3,084.1
Less net sales (intersegment):			
Corrugated Packaging	$121.6	$81.7	$37.3
Consumer Packaging	25.2	23.5	13.0
Recycling	603.1	209.6	32.4
Total	$749.9	$314.8	$82.7
Net sales (unaffiliated customers):			
Corrugated Packaging	$6,049.6	$2,687.0	$763.3
Consumer Packaging	2,532.3	2,336.3	2,119.9
Recycling	625.7	376.3	118.2
Total	$9,207.6	$5,399.6	$3,001.4
Segment income:			
Corrugated Packaging	$364.0	$241.7	$143.5
Consumer Packaging	347.2	275.2	290.5
Recycling	7.1	14.8	9.0
Segment income	718.3	531.7	443.0
Restructuring and other costs, net	(75.2)	(93.3)	(7.4)
Non-allocated expenses	(109.7)	(79.5)	(62.0)
Interest expense	(119.7)	(88.9)	(75.5)
Loss on extinguishment of debt	(25.9)	(39.5)	(2.8)
Interest income and other income (expense), net	1.3	(15.0)	0.1
Income before income taxes	$389.1	$215.5	$295.4
Identifiable assets:			
Corrugated Packaging	$8,300.4	$8,159.0	$1,146.7
Consumer Packaging	1,755.4	1,731.9	1,610.1
Recycling	248.9	308.3	32.3
Assets held for sale	9.6	31.9	3.2
Corporate	372.8	334.9	122.6
Total	$10,687.1	$10,566.0	$2,914.9

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ROCK-TENN COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table shows selected operating data for our segments (in millions):

	Years Ended September 30,		
	2012	2011	2010
Goodwill:			
Corrugated Packaging	$1,449.1	$1,428.3	$393.0
Consumer Packaging	363.3	359.8	355.6
Recycling	52.9	51.3	0.2
Total	$1,865.3	$1,839.4	$748.8
Depreciation, depletion and amortization:			
Corrugated Packaging	$411.0	$164.1	$48.2
Consumer Packaging	96.4	91.8	88.3
Recycling	13.4	5.0	1.2
Corporate	13.5	17.4	9.7
Total	$534.3	$278.3	$147.4
Capital expenditures:			
Corrugated Packaging	$327.8	$74.3	$6.7
Consumer Packaging	83.7	106.3	91.0
Recycling	10.3	14.0	4.8
Corporate	30.6	4.8	3.7
Total	$452.4	$199.4	$106.2

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ROCK-TENN COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The changes in the carrying amount of goodwill for the fiscal years ended September 30, 2012, 2011, and 2010 are as follows (in millions):

	Corrugated Packaging	Consumer Packaging	Recycling	Total
Balance as of October 1, 2009				
Goodwill	$392.8	$386.2	$0.2	$779.2
Accumulated impairment losses	—	(42.8)	—	(42.8)
	392.8	343.4	0.2	736.4
Goodwill acquired	—	10.8	—	10.8
Translation adjustment	0.2	1.4	—	1.6
Balance as of September 30, 2010				
Goodwill	393.0	398.4	0.2	791.6
Accumulated impairment losses	—	(42.8)	—	(42.8)
	393.0	355.6	0.2	748.8
Goodwill acquired	1,035.4	5.1	51.1	1,091.6
Translation adjustment	(0.1)	(0.9)	—	(1.0)
Balance as of September 30, 2011				
Goodwill	1,428.3	402.6	51.3	1,882.2
Accumulated impairment losses	—	(42.8)	—	(42.8)
	1,428.3	359.8	51.3	1,839.4
Goodwill acquired	33.5	—	—	33.5
Purchase price allocation adjustments	(13.2)	0.7	1.6	(10.9)
Translation adjustment	0.5	2.8	—	3.3
Balance as of September 30, 2012				
Goodwill	1,449.1	406.1	52.9	1,908.1
Accumulated impairment losses	—	(42.8)	—	(42.8)
	$1,449.1	$363.3	$52.9	$1,865.3

The goodwill acquired in fiscal 2012 was associated with the GMI and Mid South Acquisitions. The goodwill acquired in fiscal 2011 was associated with the Smurfit-Stone Acquisition. We finalized the Smurfit-Stone purchase price allocation in fiscal 2012.

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ROCK-TENN COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 19. Financial Results by Quarter (Unaudited)

Fiscal 2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In millions, except per share data)			
Net sales	$2,267.7	$2,282.9	$2,303.2	$2,353.8
Gross profit	392.2	360.8	359.8	419.9
Restructuring and other costs, net	10.3	28.1	13.7	23.1
Loss on extinguishment of debt	—	(19.5)	(0.1)	(6.3)
Income before income taxes	124.4	53.3	90.6	120.8
Consolidated net income	76.8	32.7	59.3	83.4
Net income attributable to Rock-Tenn Company shareholders	76.7	31.9	58.2	82.3
Basic earnings per share attributable to Rock-Tenn Company shareholders	1.08	0.45	0.82	1.15
Diluted earnings per share attributable to Rock-Tenn Company shareholders	1.06	0.44	0.81	1.14

Fiscal 2011	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In millions, except per share data)			
Net sales	$761.1	$792.9	$1,382.1	$2,463.5
Gross profit	178.8	166.3	212.4	434.4
Restructuring and other costs, net	0.6	6.3	55.5	30.9
Loss on extinguishment of debt	—	—	(39.5)	—
Income (loss) before income taxes	78.6	55.8	(46.0)	127.1
Consolidated net income (loss)	51.3	38.3	(28.4)	84.8
Net income (loss) attributable to Rock-Tenn Company shareholders	50.3	37.0	(30.1)	83.9
Basic earnings (loss) per share attributable to Rock-Tenn Company shareholders	1.29	0.94	(0.60)	1.18
Diluted earnings (loss) per share attributable to Rock-Tenn Company shareholders	1.27	0.92	(0.60)	1.17

We computed the interim earnings per common and common equivalent share amounts as if each quarter was a discrete period. As a result, the sum of the basic and diluted earnings per share by quarter will not necessarily total the annual basic and diluted earnings per share. Income before income taxes in the fourth quarter of fiscal 2012 financial results by quarter (unaudited) table is impacted by $18.2 million received in connection with the termination and settlement of a paperboard supply agreement, net of legal fees in the period. Basic and diluted earnings per share attributable to Rock-Tenn Company shareholders were increased approximately $0.16 per share in the fourth quarter of fiscal 2012 in connection with the settlement.

The third and fourth quarter of fiscal 2011 basic and diluted earnings per share attributable to Rock-Tenn Company shareholders was impacted by the May 27, 2011 issuance of approximately 31.0 million shares of RockTenn common

stock as part of the purchase consideration in the Smurfit-Stone Acquisition. The fiscal 2011 financial results by quarter (unaudited) table is impacted by certain expenses associated with the Smurfit-Stone Acquisition. In the third quarter of fiscal 2011, Gross profit and Income (loss) before income taxes includes $55.4 million of acquisition inventory step-up expense in our Corrugated Packaging segment. Basic and diluted earnings per share attributable to Rock-Tenn Company shareholders were decreased approximately $0.69 per share in the third quarter of fiscal 2011 in connection with the inventory step-up expense.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Rock-Tenn Company

We have audited the accompanying consolidated balance sheets of Rock-Tenn Company as of September 30, 2012 and 2011, and the related consolidated statements of income, comprehensive income (loss), equity and cash flows for each of the three years in the period ended September 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rock-Tenn Company at September 30, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Rock-Tenn Company's internal control over financial reporting as of September 30, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 21, 2012, expressed an unqualified opinion thereon.

Atlanta, Georgia
November 21, 2012

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Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Shareholders of
Rock-Tenn Company

We have audited Rock-Tenn Company’s internal control over financial reporting as of September 30, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Rock-Tenn Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the Internal Control Over Financial Reporting section of the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Rock-Tenn Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Rock-Tenn Company as of September 30, 2012 and 2011, and the related consolidated statements of income, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended September 30, 2012 of Rock-Tenn Company, and our report dated November 21, 2012, expressed an unqualified opinion thereon.

Atlanta, Georgia

November 21, 2012

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ROCK-TENN COMPANY
MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Responsibility for the Financial Statements

The management of Rock-Tenn Company is responsible for the preparation and integrity of the Consolidated Financial Statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with U.S. generally accepted accounting principles appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

Internal Control Over Financial Reporting

Management of our company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements. Our internal control over financial reporting is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by our board of directors that is applicable to all officers and employees of our Company and subsidiaries, as well as all of our directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. The scope of our efforts to comply with Section 404 of the Sarbanes-Oxley Act with respect to fiscal 2012 included all of our operations. Based on our assessment, management believes that we maintained effective internal control over financial reporting as of September 30, 2012.

Our independent auditors, Ernst & Young LLP, an independent registered public accounting firm, are appointed by the Audit Committee of our board of directors. Ernst & Young LLP has audited and reported on the Consolidated Financial Statements of Rock-Tenn Company, and has issued an attestation report on the effectiveness of our internal control over financial reporting. The report of the independent registered public accounting firm is contained in this Annual Report.

Audit Committee Responsibility

The Audit Committee of our board of directors, composed solely of directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act and our Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal control over financial reporting and auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the

independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in our proxy statement for the annual meeting of our shareholders to be held on January 25, 2013.

JAMES A. RUBRIGHT,
Chairman of the Board and
Chief Executive Officer

STEVEN C. VOORHEES,
Executive Vice President,
Chief Financial Officer and Chief Administrative Officer

November 21, 2012

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Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable—there were no changes in or disagreements with accountants on accounting and financial disclosure.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and other procedures that are designed with the objective of ensuring the following:

- that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms; and

- that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chairman of the Board and Chief Executive Officer ("CEO") and our Executive Vice President, Chief Financial Officer and Chief Administrative Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure.

We have performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2012, under the supervision and with the participation of our management, including our CEO and CFO. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of September 30, 2012, to provide reasonable assurance that we record, process, summarize and report the information we must disclose in reports that we file or submit under the Exchange Act within the time periods specified in the SEC's rules and forms.

In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do. Management also noted that the design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and that there can be no assurance that any such design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Internal Control Over Financial Reporting

The report called for by Item 308(a) of Regulation S-K is incorporated herein by reference to Management's Annual Report on Internal Control over Financial Reporting of Rock-Tenn Company, included in Part II, Item 8 of this report.

The attestation report called for by Item 308(b) of Regulation S-K is incorporated herein by reference to the Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting, included in Part II, Item 8 of this report.

Management has evaluated, with the participation of our CEO and CFO, changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended September 30, 2012. In connection with that evaluation, we have determined that there has been no change in internal control over financial reporting during the fourth quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CEO and CFO Certifications

Our CEO and CFO have filed with the SEC the certifications required by Section 302 of the Sarbanes-Oxley Act as Exhibits 31.1 and 31.2, respectively, to this Annual Report on Form 10-K. In addition, on February 7, 2012, our CEO certified to the New York Stock Exchange that he was not aware of any violation by the Company of the NYSE corporate governance listing standards as in effect on February 7, 2012. The foregoing certification was unqualified.

Item 9B. OTHER INFORMATION

Not applicable.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information in the sections under the heading "Election of Directors" entitled "Board of Directors," "Nominees for Election — Term Expiring 2016," "Incumbent Directors — Term Expiring 2015," "Incumbent Directors — Term Expiring 20 "Committees of the Board of Directors — Audit Committee," "Codes of Business Conduct and Ethics — Code of Ethical Conduct for Chief Executive Officer and Senior Financial Officers," and "Codes of Business Conduct and Ethics — Copies," in the section under the heading "Executive Officers" entitled "Identification of Executive Officers," and in the section under the heading "Additional Information" entitled "Section 16 (a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 25, 2013, which will be filed on or before December 31, 2012, is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information in the sections under the heading "Election of Directors" entitled "Compensation of Directors" and "Committees of the Board of Directors — Compensation Committee — Compensation Committee Interlocks and Insider Participation," in the sections under the heading "Executive Compensation" entitled "Compensation Discussion and Analysis" and "Compensation Committee Report," and in the sections under the heading entitled "Executive Compensation Tables" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 25, 2013, which will be filed on or before December 31, 2012, is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the heading "Common Stock Ownership by Management and Principal Shareholders" and in the section under the heading "Executive Compensation Tables" entitled "Equity Compensation Plan Information" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 25, 2013, which will be filed on or before December 31, 2012, is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the heading "Certain Transactions" and in the section under the heading "Election of Directors" entitled "Corporate Governance — Director Independence" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 25, 2013, which will be filed on or before December 31, 2012, is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information in the sections under the heading "Independent Registered Public Accounting Firm" entitled "Fees" and "Audit Committee Pre-Approval of Services by the Independent Registered Public Accounting Firm" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 25, 2013, which will be filed on or before December 31, 2012, is incorporated herein by reference.

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements.

The following consolidated financial statements of our company and our consolidated subsidiaries and the Report of the Independent Registered Public Accounting Firm are included in Part II, Item 8 of this report:

2. Financial Statement Schedule of Rock-Tenn Company.

All schedules are omitted because they are not applicable or not required because this information is provided in the financial statements.

3. Exhibits.

See separate Exhibit Index attached hereto and incorporated herein.

(b) See Item 15(a)(3) and separate Exhibit Index attached hereto and incorporated herein.

(c) Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ROCK-TENN COMPANY

Dated: November 21, 2012

By: /s/ JAMES A. RUBRIGHT
James A. Rubright
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ JAMES A. RUBRIGHT James A. Rubright	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	November 21, 2012
/s/ STEVEN C. VOORHEES Steven C. Voorhees	Executive Vice President, Chief Financial Officer and Chief Administrative Officer (Principal Financial Officer)	November 21, 2012
/s/ A. STEPHEN MEADOWS A. Stephen Meadows	Chief Accounting Officer (Principal Accounting Officer)	November 21, 2012
/s/ TIMOTHY J. BERNLOHR Timothy J. Bernlohr	Director	November 21, 2012
/s/ J. POWELL BROWN J. Powell Brown	Director	November 21, 2012
/s/ ROBERT M. CHAPMAN Robert M. Chapman	Director	November 21, 2012
/s/ TERRELL K. CREWS Terrell K. Crews	Director	November 21, 2012
/s/ ROBERT B. CURREY Robert B. Currey	Director	November 21, 2012
/s/ RUSSELL M. CURREY Russell M. Currey	Director	November 21, 2012

/s/ G. STEPHEN FELKER G. Stephen Felker	Director	November 21, 2012
/s/ LAWRENCE L. GELLERSTEDT, III Lawrence L. Gellerstedt, III	Director	November 21, 2012
/s/ RALPH F. HAKE Ralph F. Hake	Director	November 21, 2012
/s/ JOHN W. SPIEGEL John W. Spiegel	Director	November 21, 2012

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Signature	Title	Date
/s/ BETTINA M. WHYTE Bettina M. Whyte	Director	November 21, 2012

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INDEX TO EXHIBITS

Exhibit Number		Description of Exhibits
2.1	—	Agreement and Plan of Merger, dated as of January 10, 2008, by and among Rock-Tenn Company, Carrier Merger Sub, Inc., Southern Container Corp., the Stockholders listed therein, Steven Hill and the Stockholders' Representative, as defined therein (incorporated by reference to Exhibit 2.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2009).
2.2	—	Amendment No. 1 to Agreement and Plan of Merger, dated as of March 1, 2008, by and among Rock-Tenn Company, Carrier Merger Sub, Inc., Southern Container Corp., the Stockholders listed in the original Merger Agreement, Steven Hill, and the Stockholders' Representative (as defined in the original Merger Agreement) (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed on March 11, 2008).
2.3	—	Agreement and Plan of Merger, dated as of January 23, 2011, by and among, Rock-Tenn Company, Sam Acquisition, LLC and Smurfit-Stone Container Corporation (incorporated by reference to Exhibit 2.1 of RockTenn's Current Report on Form 8-K, filed on January 24, 2011).
3.1	—	Restated and Amended Articles of Incorporation of the Registrant effective January 13, 1994 (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1, File No 33-73312).
3.2	—	Articles of Amendment to the Registrant's Restated and Amended Articles of Incorporation effective February 10, 1994 (incorporated by reference to Exhibit 3.2 to the Registrant's Amendment No. 2 to Form S-4 filed on April 19, 2011, File No. 333-172432).
3.3	—	Articles of Amendment to the Registrant's Restated and Amended Articles of Incorporation effective February 2, 1995 (incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2000).
3.4	—	Bylaws of the Registrant (Amended and Restated as of October 31, 2008) (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on November 6, 2008).
3.5	—	Amendment to the Bylaws of the Registrant (as of December 14, 2009) (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on December 14, 2009).
4.1	—	Amended and Restated Credit Agreement, dated as of March 5, 2008, among Rock-Tenn Company, as Borrower, Rock-Tenn Company of Canada, as the Canadian Borrower, certain subsidiaries of the Borrower from time to time party thereto, as Guarantors, the lenders party thereto, Wachovia Bank, National Association, as Administrative Agent and Collateral Agent, and Bank of America, N.A., acting through its Canada Branch, as Canadian Agent (incorporated by reference to Exhibit 4.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2009).

4.2	—	The Registrant agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument defining the rights of holders of long-term debt of the Registrant and all of its consolidated subsidiaries and unconsolidated subsidiaries for which financial statements are required to be filed with the Securities and Exchange Commission.
4.3	—	Indenture, dated as of March 5, 2008, by and among Rock-Tenn Company, the guarantors party thereto and HSBC Bank USA, National Association as Trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed on March 11, 2008).
4.4	—	Supplemental Indenture, dated as of March 16, 2009, by and among Solvay Paperboard LLC, Rock-Tenn Company and HSBC Bank USA, National Association as Trustee (incorporated by reference to Exhibit 4.2 of the Registrant’s Current Report on Form 8-K filed on May 29, 2009).
4.5	—	Second Supplemental Indenture, dated as of May 29, 2009, by and among Rock-Tenn Company, the guarantors party thereto and HSBC Bank USA, National Association as Trustee (incorporated by reference to Exhibit 4.3 of the Registrant’s Current Report on Form 8-K filed on May 29, 2009).
4.6	—	First Amendment to Amended and Restated Credit Agreement and Consent, dated as of August 22, 2008, by and among Rock-Tenn Company, Rock-Tenn Company of Canada, the Guarantors, the Lenders signatories thereto, and Wachovia Bank, National Association, as Administrative Agent and Collateral Agent and Bank of America, N.A., acting through its Canada branch, as Canadian Agent (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on May 13, 2009).

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Exhibit Number		Description of Exhibits
4.7	—	Second Amendment to Credit Agreement and Consent, dated as of July 21, 2009, by and among Rock-Tenn Company, Rock-Tenn Company of Canada, the Guarantors, the Lenders, and Wachovia Bank, National Association, as Administrative Agent and Collateral Agent, and Bank of America, N.A., acting through its Canada Branch, as Canadian Agent (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on July 27, 2009).
4.8	—	Second Amended and Restated Credit and Security Agreement dated as of September 2, 2008 among Rock-Tenn Financial, Inc., as Borrower, Rock-Tenn Converting Company, as Servicer, the liquidity banks from time to time party hereto, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Nieuw Amsterdam Agent, and SunTrust Robinson Humphrey, Inc., as TPF Agent and Administrative Agent (incorporated by reference to Exhibit 10.24 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2008).
4.9	—	First Amendment to Second Amended and Restated Credit and Security Agreement dated as of September 24, 2008 among Rock-Tenn Financial, Inc., as Borrower, Rock-Tenn Converting Company, as Initial Servicer, Nieuw Amsterdam Receivables Corporation and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Liquidity Bank to Nieuw Amsterdam and as Nieuw Amsterdam Agent, Three Pillars Funding LLC, SunTrust Bank as liquidity provider to TPF, and SunTrust Robinson Humphrey, Inc., as TPF Agent, and STRH as Administrative Agent (incorporated by reference to Exhibit 10.25 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2008).
4.10	—	Third Amended and Restated Credit and Security Agreement dated as of August 14, 2009 among Rock-Tenn Financial, Inc., as Borrower, Rock-Tenn Converting Company, as Servicer, Toronto Dominion (New York) LLC, individually as a Committed Lender and as TD Agent, the other committed lenders from time to time party hereto, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Nieuw Amsterdam Agent and as Administrative Agent (incorporated by reference to Exhibit 4.10 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2009).
4.11	—	First Amendment to Third Amended and Restated Credit and Security Agreement dated as of April 30, 2010 among Rock-Tenn Financial, Inc., as Borrower, Rock-Tenn Converting Company, as Servicer, Toronto Dominion (New York) LLC, individually as a Committed Lender and as TD Agent, the other committed lenders from time to time party hereto, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Nieuw Amsterdam Agent and as Administrative Agent (incorporated by reference to Exhibit 4.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).
4.12	—	Fourth Amendment to Credit Agreement and Consent, dated as of November 1, 2010, by and among Rock-Tenn Company, Rock-Tenn Company of Canada, the Guarantors, the Lenders,

		and Wells Fargo Bank, National Association, as Administrative Agent and Collateral Agent, and Bank of America, N.A., acting through its Canada Branch, as Canadian Agent (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on November 5, 2010).
4.13	—	Third Amendment to Credit Agreement and Consent, dated as of February 3, 2010, by and among Rock-Tenn Company, Rock-Tenn Company of Canada, the Guarantors, the Lenders, and Wachovia Bank, National Association, as Administrative Agent and Collateral Agent, and Bank of America, N.A., acting through its Canada Branch, as Canadian Agent (incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2009).
4.14	—	Credit Agreement, dated May 27, 2011, by and among Rock-Tenn Company, as borrower, Rock-Tenn Company of Canada/Compagnie Rock-Tenn du Canada, as Canadian borrower, certain subsidiaries of RockTenn from time to time party thereto, as guarantors, the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent and collateral agent for the lenders, and Bank of America, N.A., acting through its Canada Branch, as Canadian administrative agent for the lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on May 27, 2011).
4.15	—	Fourth Amended and Restated Credit and Security Agreement, dated as of May 27, 2011, among Rock-Tenn Financial, Inc., as Borrower, Rock-Tenn Converting Company, as Servicer, the Lenders and Co-Agents from time to time party hereto, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Administrative Agent and as Funding Agent (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on May 27, 2011).

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Exhibit Number		Description of Exhibits
4.16	—	Amendment No. 1 dated as of December 2, 2011, among Rock-Tenn Company ("RockTenn"), as borrower, Rock-Tenn Company of Canada/Compagnie Rock-Tenn du Canada, as Canadian borrower (together with RockTenn, the "Borrowers"), certain subsidiaries of RockTenn from time to time party thereto, as guarantors, the lenders party thereto, as lenders (the "Lenders"), Wells Fargo Bank, National Association, as administrative agent for the Lenders, and Bank of America, N.A., acting through its Canada Branch, as Canadian administrative agent for the Lenders, to the Credit Agreement dated as of May 27, 2011, by and among the Borrowers, certain subsidiaries of RockTenn from time to time party thereto, the lenders from time to time party thereto, Wells Fargo Bank, National Association, as administrative agent and collateral agent for such lenders, and Bank of America, N.A., acting through its Canada Branch, as Canadian administrative agent for such lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on December 2, 2011).
4.17	—	Amendment No. 2 dated as of March 30, 2012, among Rock-Tenn Company ("RockTenn"), as borrower, Rock-Tenn Company of Canada/Compagnie Rock-Tenn du Canada, as Canadian borrower (together with RockTenn, the "Borrowers"), the lenders party thereto, as lenders (the "Lenders"), Wells Fargo Bank, National Association, as administrative agent for the Lenders, and Bank of America, N.A., acting through its Canada Branch, as Canadian administrative agent for the Lenders, to the Credit Agreement dated as of May 27, 2011, as amended by Amendment No. 1 dated as of December 2, 2011, by and among the Borrowers, certain subsidiaries of RockTenn from time to time party thereto, the lenders from time to time party thereto, Wells Fargo Bank, National Association, as administrative agent and collateral agent for such lenders, and Bank of America, N.A., acting through its Canada Branch, as Canadian administrative agent for such lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on March 30, 2012).
4.18	—	Amendment No. 3 dated as of September 27, 2012, among Rock-Tenn Company ("RockTenn"), as borrower, Rock-Tenn Company of Canada/Compagnie Rock-Tenn du Canada, as Canadian borrower (together with RockTenn, the "Borrowers"), certain subsidiaries of RockTenn party thereto, the lenders party thereto, as lenders (the "Lenders"), Wells Fargo Bank, National Association, as administrative agent and collateral agent for the Lenders, and Bank of America, N.A., as Canadian administrative agent for the Lenders, to the Credit Agreement dated as of May 27, 2011, as amended by Amendment No. 1 dated as of December 2, 2011 and Amendment No. 2 dated as of March 30, 2012, by and among the Borrowers, certain subsidiaries of RockTenn from time to time party thereto, the lenders from time to time party thereto, Wells Fargo Bank, National Association, as administrative agent and Bank of America, N.A., acting through its Canada Branch, as Canadian administrative agent for such lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on October 4, 2012).
4.19	—	Indenture, dated as of September 11, 2012, by and among Rock-Tenn Company, the Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed on October 2, 2012).

4.20	—	Registration Rights Agreement, dated as of September 11, 2012, by and among Rock-Tenn Company, the Guarantors (as defined therein), and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC, as representatives of the several Initial Purchasers (incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed on October 2, 2012).
*10.1	—	Rock-Tenn Company 1993 Employee Stock Option Plan and Amendment Number One to the Rock-Tenn Company 1993 Employee Stock Option Plan (incorporated by reference to Exhibits 99.1 and 99.2, respectively, to the Registrant's Registration Statement on Form S-8, File No. 333-77237).
*10.2	—	Rock-Tenn Company Supplemental Executive Retirement Plan Effective as of October 1, 1994 (incorporated by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2000).
*10.3	—	2000 Incentive Stock Plan (incorporated by reference to the Registrant's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders filed with the SEC on December 18, 2000).
*10.4	—	1993 Employee Stock Purchase Plan as Amended and Restated (incorporated by reference to Exhibit 99.3 to the Registrant's Registration Statement on Form S-8, File No. 333-77237), as amended by Amendment No. One to 1993 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2003), and as further amended by Amendment No. Two to 1993 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2003), and as further amended by Amendment No. Three to 1993 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2004).

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*10.5	—	Rock-Tenn Company Annual Executive Bonus Program (incorporated by reference to the Registrant's definitive Proxy Statement for the 2002 Annual Meeting of Shareholders filed with the SEC on December 19, 2001).
*10.6	—	Rock-Tenn Company Supplemental Retirement Savings Plan as Effective as of May 15, 2003 (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8, File No. 333-104870).
*10.7	—	2004 Incentive Stock Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 3, 2005).
*10.8	—	Amendment Number One to the Rock-Tenn Company Supplemental Executive Retirement Plan (Amended and Restated Effective as of January 1, 2003) (incorporated by reference to Exhibit 10.10 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2008).
*10.9	—	Amendment Number Two to Rock-Tenn Company Supplemental Executive Retirement Plan Effective as of November 11, 2005 (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2005).
*10.10	—	Amendment Number Three to Rock-Tenn Company Supplemental Executive Retirement Plan Effective as of November 21, 2008 (incorporated by reference to Exhibit 10.12 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2008).

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Exhibit Number		Description of Exhibits
*10.11	—	Amended and Restated Rock-Tenn Company Supplemental Retirement Savings Plan Effective as of January 1, 2006 (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2005).
*10.12	—	Amended and Restated Employment Agreement between Rock-Tenn Company and James A. Rubright, dated as of November 21, 2008 (incorporated by reference to Exhibit 10.15 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2008).
*10.13	—	Amendment Number One to Rock-Tenn Company 2004 Incentive Stock Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).
*10.14	—	Rock-Tenn Company 1993 Employee Stock Purchase Plan, as Amended and Restated (incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-8, File No. 333-140597).
*10.15	—	Second Amendment to the Rock-Tenn Company Supplemental Retirement Savings Plan Effective as of November 16, 2007 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2007).
*10.16	—	Employment Agreement between Southern Container Corp. and James B. Porter III, dated as of January 1, 2006 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
*10.17	—	Amended and Restated Earnings Share Units between Southern Container Corp. and James B. Porter III, dated as of February 27, 2006 (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
*10.18	—	First Amendment to Employment Agreement and Amended and Restated Earnings Share Units Agreement between James B. Porter III and Rock-Tenn Company, dated as of January 8, 2008, effective as of March 5, 2008 (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
*10.19	—	Amendment No. 2 to Rock-Tenn Company 2004 Incentive Stock Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
10.20	—	Second Amended and Restated Receivables Sale Agreement dated as of September 2, 2008 among Rock-Tenn Company, as Parent, Rock-Tenn Company of Texas, Rock-Tenn Converting Company, Rock-Tenn Mill Company, LLC, Rock-Tenn Packaging and Paperboard, LLC, PCPC, Inc. and Waldorf Corporation, Schiffenhaus Packaging Corp. and Southern Container Corp., as Originators, and Rock-Tenn Financial, Inc., as Buyer (incorporated by reference to Exhibit 10.23 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2008).

*10.21	—	Amendment Number 1 to Rock-Tenn Company Annual Executive Bonus Program (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008).
*10.22	—	Amendment Number Four to Rock-Tenn Company Supplemental Executive Retirement Plan Effective as of March 31, 2009 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009).
*10.23	—	Amendment No. 3 to Rock-Tenn Company 2004 Incentive Stock Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009).
10.24	—	Second Amendment to Second Amended and Restated Receivables Sale Agreement and Third Amendment to Second Amended and Restated Credit and Security Agreement dated as of June 24, 2009 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.25	—	Third Amendment to Second Amended and Restated Receivables Sale Agreement and Fourth Amendment to Second Amended and Restated Credit and Security Agreement dated as of July 14, 2009 (incorporated by reference to Exhibit 10.27 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 2009).

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Exhibit Number		Description of Exhibits
*10.26	—	Amendment Number Five to the Rock-Tenn Company Supplemental Executive Retirement Plan, Amended and Restated Effective as of January 1, 2003 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010).
*10.27	—	Rock-Tenn Company 1993 Employee Stock Purchase Plan, as Amended and Restated (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).
*10.28	—	Amendment No. 4 to Rock-Tenn Company 2004 Incentive Stock Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011).
*10.29	—	Amendment No. 5 to Rock-Tenn Company 2004 Incentive Stock Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011).
*10.30	—	First Amendment to the Rock-Tenn Company Supplemental Retirement Savings Plan Effective as of October 1, 2011 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
*10.31	—	Rock-Tenn Company Supplemental Executive Retirement Plan Amended and Restated Effective as of October 27, 2011(incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
*10.32	—	Amended and Restated Rock-Tenn Company 2004 Incentive Stock Plan Effective as of January 27, 2012 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
12	—	Statement re: Computation of Ratio of Earnings to Fixed Charges.
21	—	Subsidiaries of the Registrant.
23	—	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1	—	Certification Accompanying Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by James A. Rubright, Chairman of the Board and Chief Executive Officer of Rock-Tenn Company.
31.2	—	Certification Accompanying Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by Steven C. Voorhees, Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Rock-Tenn Company.
101.INS	—	XBRL Instance Document.

101.SCH	—	XBRL Taxonomy Extension Schema.
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	—	XBRL Taxonomy Definition Label Linkbase.
101.LAB	—	XBRL Taxonomy Extension Label Linkbase.
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase.

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Additional Exhibits.

In accordance with SEC Release No. 33-8238, Exhibit 32.1 is to be treated as "accompanying" this report rather than "filed" as part of the report.

32.1	—	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by James A. Rubright, Chairman of the Board and Chief Executive Officer of Rock-Tenn Company, and by Steven C. Voorhees, Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Rock-Tenn Company.

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* Management contract or compensatory plan or arrangement.