

Materion Corporation
STOCK OWNERSHIP GUIDELINES

Effective January 1, 2014

Purpose

The Compensation Committee of the Board of Directors of Materion Corporation (the “Company”) has adopted these stock ownership guidelines to maintain a strong alignment between the interests of management and shareholders of the Company and further promote the Company’s commitment to sound corporate governance.

Applicability

These stock ownership guidelines apply to all non-employee directors, all members of the Materion Executive Council, (the “MEC”) which includes Section 16 officers, and any other key employees that the Compensation Committee of the Board of Directors may identify from time to time with input from management. A current list of employees and non-employee directors to which these guidelines apply is attached as Exhibit A.

Minimum Ownership Guidelines

Stock ownership guidelines for the Company’s executives are determined as a multiple of the executive’s annual base salary. Stock ownership guidelines for the Company’s non-employee directors are determined as a multiple of the director’s annual cash compensation. Such executives and directors are expected to own shares of Materion common stock valued at least at the following Target Dollar Amounts:

| Position | Guideline |
|--|----------------------------------|
| Chief Executive Officer | 5 times annual base salary |
| Chief Financial Officer | 3 times annual base salary |
| Other MEC members and other designated key employees | 1 times annual base salary |
| Non-employee Directors | 4 times annual cash compensation |

The above represents minimum ownership guidelines. Executives and non-employee directors are encouraged to own shares of Materion common stock above these levels.

These ownership guidelines apply until each non-employee director or executive resigns or retires or otherwise terminates service to Materion, except that, for a non-employee director or executive who has reached age 60, the applicable Target Dollar Amount above will be reduced by 10% each year for five years to allow for diversification of the non-employee director’s or executive’s portfolio (i.e., a maximum of 50% reduction). Executives and non-employee directors are encouraged to achieve at least the minimum applicable Target Dollar Amount of

share ownership within five years of the later of the effective date of the guidelines or his or her appointment or election.

Retention Ratios

Until each non-employee director or executive has attained the applicable Target Dollar Amount, he or she is expected to make continuous progress toward his or her respective ownership guideline and is required to comply with the following retention ratio until such guideline has been achieved:

| Position | Retention Ratio |
|--|--|
| Chief Executive Officer | 75% of net shares acquired under equity awards will be held until the applicable guideline has been achieved |
| Other MEC members, including the CFO, and other designated key employees | 50% of net shares acquired under equity awards will be held until the applicable guideline has been achieved |
| Non-employee Directors | 75% of net shares acquired under equity awards will be held until the applicable guideline has been achieved |

These retention ratios apply to net shares received upon: (i) the vesting of restricted stock awards or the settlement of restricted stock unit awards, performance-based restricted stock unit awards, and similar instruments expressed in stock units and payable in shares of Materion common stock; and (ii) the exercise of stock options or stock appreciation rights (SARs) or similar instruments payable in shares of Materion common stock. "Net shares" are those shares that remain after deducting the exercise price or base price, if applicable, in the event of the exercise of stock options or stock appreciation rights, and withholding taxes.

Measurement and Valuation

Compliance with these stock ownership guidelines will be measured annually on December 31 and the results of such measurement will be reported to the Compensation Committee at least once per year. On each measurement date, compliance will be measured using each executive's base salary then in effect and each non-employee director's annual cash compensation then in effect. The stock will be valued using the average closing price per share of the Company's common stock on the last 20 trading days of each calendar year. Once an executive or non-employee director has achieved the applicable ownership guideline, such person will be considered in compliance, regardless of any changes in base salary (except for promotional increases) or the price of Materion common stock, so long as such person continues to own at least the number of shares of Materion common stock required in order to initially achieve the applicable guideline.

Calculating Share Ownership

Shares that count toward achievement of the ownership guidelines include:

- Shares owned outright by the executive or non-employee director or any of such person's immediate family members residing in the same household;
- Shares held in trust for the benefit of the executive or non-employee director or such person's family;
- Shares held in Materion's employee benefit plans, including the Materion Corporation Retirement Savings Plan;
- Net shares obtained through the exercise of stock options or SARs and the net after-tax, in-the-money value of vested but unexercised stock options or SARs;
- Shares of vested performance-based restricted stock and shares underlying vested performance-based restricted stock units; and
- Net after-tax value of unvested, time-based restricted stock and restricted stock units.

Shares that do not count toward achievement of the ownership guidelines include:

- Unvested stock options or SARs;
- Unvested performance-based restricted stock or performance-based restricted stock units; and
- Shares held in a margin account or pledged as collateral for a loan (*Materion's Insider Trading Policy prohibits non-employee directors and executive officers from hedging or pledging Materion common stock as collateral*).

Failure to Achieve Ownership Guidelines

Failure by an executive or non-employee director to achieve or to show sustained progress toward achievement of the applicable ownership guideline may result in the Compensation Committee taking any action it deems appropriate under the circumstances until the applicable guideline is achieved.

Administration

The Compensation Committee shall have authority to oversee these guidelines and reserves the right to modify or amend these guidelines at any time. Upon the request of a non-employee director or executive, the Compensation Committee may evaluate whether an exception should be made in consideration of the personal circumstances of the non-employee director or executive.