

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material under §240.14a-12

MATERION CORPORATION

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Materion Corporation
6070 Parkland Boulevard
Mayfield Heights, Ohio 44124
Notice of Annual Meeting of Shareholders

The annual meeting of shareholders of Materion Corporation will be held at Materion Corporation, 6070 Parkland Blvd., Mayfield Hts., Ohio 44124 on May 13, 2020 at 9:00 a.m. (EDT) for the following purposes:

- (1) To elect nine directors, each to serve for a term of one year and until a successor is elected and qualified;
- (2) To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for Materion Corporation for the year 2020;
- (3) To approve, by non-binding vote, named executive officer compensation; and
- (4) To transact any other business that may properly come before the meeting.

Shareholders of record as of the close of business on March 16, 2020 are entitled to notice of the meeting and to vote at the meeting or any adjournment or postponement of the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rules allowing us to furnish proxy materials to shareholders on the Internet. We believe that these rules provide you with proxy materials more quickly and reduce the environmental impact of our meeting. Accordingly, we are mailing to shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review our proxy statement and Annual Report for the year ended December 31, 2019, and to vote online or by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions for requesting these materials on the Notice of Internet Availability of Proxy Materials.

Gregory R. Chemnitz
Secretary

March 30, 2020

Important — your proxy is enclosed.

You are requested to cooperate in assuring a quorum by voting online at www.proxyvote.com or, if you received a paper copy of the proxy materials, by filling in, signing and dating the enclosed proxy and promptly mailing it in the return envelope.

MATERION CORPORATION
6070 Parkland Boulevard
Mayfield Heights, Ohio 44124

PROXY STATEMENT
March 30, 2020

GENERAL INFORMATION

Your Board of Directors (Board) is furnishing this proxy statement to you in connection with our solicitation of proxies to be used at our annual meeting of shareholders to be held on May 13, 2020. The proxy statement and other proxy materials are being sent to shareholders on March 30, 2020.

Registered Holders. If your shares are registered in your name, you may vote in person or by proxy. If you decide to vote by proxy, you may do so by telephone, over the Internet or by mail.

By telephone. After reading the proxy materials, you may call the toll-free number, 1-800-690-6903, using a touch-tone telephone. You will be prompted to enter your control number, which is a 16-digit number located in a box on your proxy card that you can also receive in the mail, if requested, then follow the simple instructions that will be given to you to record your vote.

Over the Internet. After reading the proxy materials, you may vote and submit your proxy online at www.proxyvote.com. Even if you request and receive a paper copy of the proxy materials, you may vote online by going to www.proxyvote.com and entering your control number, which is a 16-digit number located in a box on your proxy card that you can also receive in the mail, if requested, then follow the simple instructions that will be given to you to record your vote.

By mail. After reading the proxy materials, you may mark, sign and date your proxy card and return it in the enclosed prepaid and addressed envelope.

The Internet and telephone voting procedures have been set up for your convenience and have been designed to authenticate your identity, allow you to give voting instructions and confirm that those instructions have been recorded properly. Without affecting any vote previously taken, you may revoke your proxy by delivery to us of a new, later dated proxy with respect to the same shares, or giving written notice to us before or at the annual meeting. Your presence at the annual meeting will not, in and of itself, revoke your proxy.

Participants in the Materion Corporation Retirement Savings Plan. If you participate in the Retirement Savings Plan, the independent trustee for the plan, Fidelity Management Trust Company, will vote your plan shares according to your voting directions. You may give your voting directions to the plan trustee in any one of the three ways set forth above. If you do not return your proxy card or do not vote over the Internet or by telephone, the trustee will not vote your plan shares. Each participant who gives the trustee voting directions acts as a named fiduciary for the applicable plan under the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Nominee Shares. If your shares are held by a bank, broker, trustee or some other nominee, that entity will give you separate voting instructions.

In addition to the solicitation of proxies by mail, we may solicit the return of proxies in person, by telephone, facsimile or e-mail. We will request brokerage houses, banks and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of shares and will reimburse them for their expenses. We will bear the cost of the solicitation of proxies.

Voting. At the close of business on March 16, 2020, the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting, there were 20,340,387 shares of common stock outstanding and entitled to vote at the meeting. Each outstanding share of common stock entitles its holder to one vote on each matter brought before the meeting.

With respect to Proposal 1, the nominees receiving the greatest number of votes for their election will be elected as directors of Materion Corporation, subject to the Company's Majority Voting Policy (described below). The approval of each of Proposals 2 and 3 requires the affirmative vote of a majority of the votes cast, whether in person or by proxy, on such proposals at the annual meeting.

Abstentions and Broker Non-votes. At the annual meeting, the inspectors of election appointed for the meeting will tabulate the results of shareholder voting. Under Ohio law and our Code of Regulations, properly signed proxies that are marked "abstain" or are held in "street name" by brokers and not voted on one or more of the items (but otherwise voted on at least one item) before the meeting will be counted for purposes of determining whether a quorum has been achieved at the annual meeting.

If you do not provide directions to your broker, your broker or other nominee will not be able to vote your shares with respect to the election of directors (Proposal 1) or the non-binding vote to approve named executive officer compensation (Proposal 3).

Abstentions and broker non-votes will not affect the vote on the election of directors.

An abstention or broker non-vote with respect to the non-binding vote to approve named executive officer compensation (Proposal 3) will have no effect on the proposal as the abstention or broker non-vote will not be counted in determining the number of votes cast.

Because the vote to ratify the appointment of Ernst & Young LLP (Proposal 2) is considered to be routine, your broker or other nominee will be able to vote your shares with respect to this proposal without your instructions. An abstention will have no effect on this proposal as the abstention will not be counted in determining the number of votes cast.

* * *

We know of no other matters that will be presented at the meeting; however, if other matters do properly come before the meeting, the persons named in the proxy card will vote on these matters in accordance with their best judgment.

If you sign, date and return your proxy card but do not specify how you want to vote your shares, your shares will be voted as recommended by the Board as indicated on the proxy card.

PROPOSAL ONE: ELECTION OF DIRECTORS

Our Articles of Incorporation and Code of Regulations establish the number of directors at no fewer than nine and no more than 18. There are currently nine directors on the Board. At the 2020 Annual Meeting, the shareholders will consider the election of nine directors, each to serve a one-year term. Each of the nominees for election is a current Director. Ms. Liggett joined the Board in February 2020 and was identified as a director candidate by a non-management director.

Nominees for Director

Vinod M. Khilnani

Age: 67

Director Since: 2009

Mr. Khilnani was appointed our Non-Executive Chairman of the Board in January 2018. Now retired, Mr. Khilnani was the Executive Chairman of CTS Corporation (electronic components and accessories). Mr. Khilnani became Executive Chairman of CTS Corporation in January 2013 and served in that capacity until May 2013. He had served as Chairman, President and Chief Executive Officer of CTS from 2007 until 2013. Prior to that time, he served as Senior Vice President and Chief Financial Officer of CTS since 2001. Mr. Khilnani was appointed to the Board of Gibraltar Industries in October 2014 and to the Board of ESCO Technologies Inc. in August 2014 and has served on the Board of Directors of 1st Source Corporation since 2013. As the former Executive Chairman and Chief Executive Officer and President of CTS (and its former Chief Financial Officer), Mr. Khilnani offers a wealth of management experience and business knowledge regarding operational, financial and corporate governance issues, as well as extensive international experience with global operations.

Emily M. Liggett

Age: 64

Director Since: 2020

Ms. Liggett has served as the Chief Executive Officer of Liggett Advisors (business strategy and execution consulting) since 2017. Prior to that, Ms. Liggett served as President and Chief Executive Officer of NovaTorque, Inc. (electric motor design, development and manufacturing) from 2009 until 2016, when it was acquired by Regal Beloit. Ms. Liggett served as Chief Executive Officer of Apexon, Inc. (supply chain analytics) from 2004 until 2007; and as Chief Executive Officer of Capstone Turbine Corporation (gas turbine manufacturing) from 2002 until 2003. Prior to Capstone Turbine, Ms. Liggett served in various management and executive roles at Raychem Corporation (telecommunications and industrial and commercial products manufacturing) (acquired by Tyco International in 1999) from 1984 until 2001, including as Corporate Vice President of Raychem and Managing Director of Tyco Ventures. Ms. Liggett has served on the Boards of Directors of Kaiser Aluminum Corporation and Ultra Clean Holdings, Inc. since 2018 and 2014, respectively, and from 2010 until 2016, served on the Board of Directors of MTS Systems Corporation. She also served on the Purdue University School of Engineering Advisory Board from 2000 until 2018. Ms. Liggett's expertise in strategy, operations, product development, sales, marketing and business development gained from her chief executive officer, management and public company board experience in a variety of international industrial companies provides our Board of Directors with valuable insights.

Robert J. Phillippy

Age: 59

Director Since: 2018

Mr. Phillippy is an independent consultant, advising technology companies on a range of strategic, operational and organizational issues. From September 2007 until April 2016, he was the President, Chief Executive Officer and a director of Newport Corporation

(lasers, optics and photonics technologies). Mr. Phillippy joined Newport in 1996 and served in various executive management positions prior to his appointment as Chief Executive Officer in 2007. In April 2016, Newport was acquired by MKS Instruments (instruments, components, subsystems, and process control solutions for advanced manufacturing applications), and from July 2016 until May 2018, Mr. Phillippy served on the board of directors of MKS Instruments. From April 2016 to September 2016, he also served as Executive Advisor to MKS Instruments. Mr. Phillippy has also served as a director of ESCO Technologies Inc. since May 2014, and as a director of Kimball Electronics since November 2018. Mr. Phillippy's deep understanding of technology-related industries, extensive experience as the former Chief Executive Officer of a global technology company and significant knowledge of matters impactful to public company boards makes him a valuable contributor to the Board of Directors.

Patrick Prevost

Age: 64

Director Since: 2019

Mr. Prevost served as the President and Chief Executive Officer of Cabot Corporation (global specialty chemical and performance materials company) from January 2008 until his retirement in March 2016. Prior to Cabot, Mr. Prevost served as President, Performance Chemicals at BASF AG (international chemical company) from October 2005 to December 2007. Prior to that, he was responsible for BASF Corporation's Chemicals and Plastics business in North America. Mr. Prevost previously held senior management positions with increasing responsibility at BP Plc from 1999 to 2003 and Amoco Chemicals from 1983 until 1999. Mr. Prevost serves on the Board of Directors of Southwestern Energy Company and Cabot Corporation and previously served on the Board of Directors of General Cable Corporation. Mr. Prevost brings to our Board of Directors substantial leadership experience in a variety of complex international businesses, a chemical engineering background with broad experience in material science and chemistry, which are important to our business, extensive experience involving acquisitions and strategic alliances and deep knowledge of international business, strategic planning, manufacturing and financial matters.

N. Mohan Reddy, Ph.D.

Age: 66

Director Since: 2000

Dr. Reddy is B. Charles Ames, Professor of Management at Case Western Reserve University. Dr. Reddy was appointed B. Charles Ames, Professor of Management in February 2014. Prior to that, he had served as the Albert J. Weatherhead III Professor of Management from 2007 until 2012 and as the Dean of the Weatherhead School of Management, Case Western Reserve University from 2006 until 2012. Dr. Reddy had been Associate Professor of Marketing since 1991 and Keithley Professor of Technology Management from 1996 to 2006 at the Weatherhead School of Management, Case Western Reserve University. Dr. Reddy had served on the Board of Directors of Keithley Instruments, Inc. from 2001 until December 2010, when Keithley Instruments was purchased by Danaher Corporation. Dr. Reddy had also served on the Board of Directors of Lubrizol Corporation from February 2011 until October 2011, when Lubrizol was purchased by Berkshire Hathaway Inc. Dr. Reddy also serves as a consultant to firms in the electronics and semiconductor industries, primarily in the areas of product and market development. Dr. Reddy's knowledge of industrial marketing, technology development and extensive global knowledge in the electronics and semiconductor industries provides valuable insight to our Board of Directors.

Craig S. Shular

Age: 67

Director Since: 2008

Mr. Shular is Co-Founder of Global Graphite Group LLC (advanced materials company specializing in graphite products), which he co-founded in November 2017. Mr. Shular is the former Executive Chairman of the Board of GrafTech International Ltd. (electrical industrial apparatus). Mr. Shular was elected Chairman of the Board of GrafTech in 2007 and served in that capacity until December 2014. He had been a director of GrafTech from January 2003 until May 2014. Mr. Shular served as Chief Executive Officer of GrafTech from 2003 and as President from 2002 until he retired from both positions in January 2014. From 2001 until 2002, he served as Executive Vice President of GrafTech's largest business, Graphite Electrodes. Mr. Shular joined GrafTech as its Vice President and Chief Financial Officer in 1999 and assumed the additional duties of Executive Vice President, Electrode Sales and Marketing in 2000 until 2001. As the former Chairman, Chief Executive Officer and President and former Chief Financial Officer of GrafTech, Mr. Shular brings a breadth of financial and operational management experience and provides our Board of Directors with a perspective of someone familiar with all facets of a global enterprise.

Darlene J. S. Solomon, Ph.D.

Age: 61

Director Since: 2011

Dr. Solomon is Senior Vice President and Chief Technology Officer of Agilent Technologies, Inc. (life sciences, diagnostics and applied chemical markets). Dr. Solomon has served as Senior Vice President and Chief Technology Officer of Agilent Technologies

since 2006. Prior to that time, she served as Vice President and Director of Agilent Laboratories, Agilent's centralized advanced research organization. Dr. Solomon joined Agilent in 1999 and served in a dual capacity as the director of the Life Sciences Technologies Laboratory and as the senior director, research and development/technology for Agilent's Life Sciences and Chemical Analysis business. She is a member of the National Academy of Engineering and serves on multiple academic and government advisory boards focused on science, technology and innovation. With extensive knowledge and experience in materials measurement and leading innovation in a diversified global technology enterprise, Dr. Solomon brings to our Board of Directors valuable insight on research and development and other operational issues faced by companies focused on innovations in technology.

Robert B. Toth

Age: 59

Director Since: 2013

Mr. Toth was a Managing Director of CCMP Capital Advisors, LLC (global private equity investment firm) from 2016 to 2019. Mr. Toth also served as President, Chief Executive Officer and Director of Polypore International, Inc. (high technology filtration products) from 2005 until 2015 and as Chairman of the Board from 2011 until 2015. Prior to Polypore, Mr. Toth served as President, Chief Executive Officer, and Director of CP Kelco ApS. Mr. Toth also spent 19 years at Monsanto Company, and its spin-off company, Solutia Inc., where he held a variety of executive and managerial roles. Mr. Toth also serves on the Board of Directors of SPX Corporation. With extensive experience in leading corporations in the manufacturing and specialty materials sector, including his knowledge and skills in senior management, finance and operations, Mr. Toth brings to our Board of Directors significant insight into the strategic and operational issues facing companies in the advanced materials industry.

Jugal K. Vijayvargiya

Age: 52

Director Since: 2017

Mr. Vijayvargiya is President and Chief Executive Officer and member of the Board of Materion Corporation. He joined Materion as President and Chief Executive Officer in March 2017. Prior to joining Materion, Mr. Vijayvargiya had an extensive 26-year international career with Delphi Automotive PLC (leading global technology solutions provider to the automotive and transportation sectors). He most recently led Delphi's Automotive Electronics and Safety segment, a \$3 billion global business based in Germany. In this role, Mr. Vijayvargiya served as an officer of Delphi and a member of its Executive Committee. Previously, he attained progressively responsible positions in Europe and North America in product and manufacturing engineering, sales, product line management, acquisition integration and general management. Mr. Vijayvargiya's broad and diverse experience at Delphi and as Chief Executive Officer of Materion provides significant value to our Board of Directors.

Your Board of Directors unanimously recommends a vote for each of Vinod M. Khilnani, Emily M. Liggett, Robert J. Phillippy, Patrick Prevost, N. Mohan Reddy, Ph.D., Craig S. Shular, Darlene J. S. Solomon, Ph.D., Robert B. Toth, and Jugal K. Vijayvargiya.

If any of these nominees becomes unavailable, it is intended that the proxies will be voted as the Board of Directors determines. We have no reason to believe that any of the nominees will be unavailable. The nominees receiving the greatest number of votes for their election will be elected as directors of Materion Corporation. However, our Board of Directors has adopted a Majority Voting Policy whereby, in an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election is expected to tender his or her resignation following certification of the shareholder vote, subject to a 90-day review process by our Governance and Organization Committee and Board of Directors to consider whether the tendered resignation should be accepted. An abstention or broker non-vote is not treated as a vote "withheld" under our Majority Voting Policy. For additional details on the Majority Voting Policy, see page 9 of this proxy statement.

CORPORATE GOVERNANCE; COMMITTEES OF THE BOARD OF DIRECTORS

We have adopted a Policy Statement on Significant Corporate Governance Issues and a Code of Conduct Policy in compliance with the New York Stock Exchange (NYSE) and Securities and Exchange Commission (SEC) requirements. These materials, along with the charters of the Audit, Compensation and Governance and Organization Committees of our Board, which also comply with applicable requirements, are available on our website at <https://materion.com>, or upon request by any shareholder to: Secretary, Materion Corporation, 6070 Parkland Boulevard, Mayfield Heights, Ohio 44124. We also make our reports on Forms 10-K, 10-Q and 8-K available on our website, free of charge, as soon as reasonably practicable after these reports are filed with the SEC. Any amendments or waivers to our Code of Conduct Policy, Committee Charters and Policy Statement on Significant Corporate Governance Issues will also be made available on our website. The information on our website is not incorporated by reference into this proxy statement or any of our periodic reports.

Director Independence

The NYSE listing standards require that all listed companies have a majority of independent directors. For a director to be “independent” under the NYSE listing standards, the board of directors of a listed company must affirmatively determine that the director has no material relationship with the Company, or its subsidiaries or affiliates, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company, or its subsidiaries or affiliates. Our Board has adopted the following standards, which are identical to those of the NYSE listing standards, to assist in its determination of director independence. A director will be determined *not* to be independent under the following circumstances:

- the director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company;
- the director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- the director (a) is a current partner or employee of a firm that is the Company’s internal or external auditor; (b) has an immediate family member who is a current partner of such a firm; (c) has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit; or (d) was or has an immediate family member who was within the last three years a partner or employee of such a firm and personally worked on the Company’s audit within that time;
- the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serve or served on that company’s compensation committee; or
- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or two percent of such other company’s consolidated gross revenues.

Additionally, for purposes of determining whether a director has a material relationship with the Company apart from his or her service as a director, our Board has deemed the following relationships as categorically immaterial:

- the director, or an immediate family member, is a current employee, director or trustee of a tax-exempt organization and the Company’s contributions to the organization (excluding Company matching of employee contributions) in any fiscal year are less than \$120,000; or
- the director is a director of a company that has made payments to, or received payments or deposits from, the Company for property, goods or services in the ordinary course of business in an amount which, in any fiscal year, is less than the greater of \$1,000,000, or two percent of such other company’s consolidated gross revenues.

Our Board has affirmatively determined that each of our current directors, other than Mr. Vijayvargiya, are “independent” within the meaning of that term as defined in the NYSE listing standards; a “non-employee director” within the meaning of that term as defined in Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934 (Exchange Act); and an “outside director” within the meaning of that term as defined in the regulations promulgated under Section 162(m) of the Internal Revenue Code (Code). Additionally, William B. Lawrence and Geoffrey Wild, who served as directors during 2019, were “independent” as defined in the NYSE listing standards.

Charitable Contributions

Within the preceding three years, we have not made a contribution to any charitable organization in which any of our directors serves as a director, trustee, or executive officer.

Non-management Directors and Non-Executive Chairman

Our Policy Statement on Significant Corporate Governance Issues provides that the non-management members of the Board will meet during each regularly scheduled meeting of the Board of Directors in executive session. Additional executive sessions may be scheduled by the Non-Executive Chairman or other non-management directors. The Non-Executive Chairman will chair these sessions. Mr. Khilnani was appointed our Non-Executive Chairman in January 2018.

The non-management directors have access to our management as they deem necessary or appropriate. In addition, the Chair of each of the Audit Committee, Governance and Organization Committee and Compensation Committee meets periodically with members of senior management.

In addition to the other duties of a director under our Policy Statement on Significant Corporate Governance Issues, the Non-Executive Chairman, in collaboration with the other independent directors, is responsible for coordinating the activities of the independent directors and in that role will:

- chair the executive sessions of the independent directors at each regularly scheduled meeting;

- determine the timing and structuring of Board meetings;
- establish the agenda for Board meetings, including allocation of time as well as subject matter;
- determine the quality, quantity and timeliness of the flow of information from management to the Board;
- serve as the independent point of contact for shareholders wishing to communicate with the Board other than through management;
- interview all Board candidates and provide the Governance and Organization Committee with recommendations on each candidate;
- maintain close contact with the Chairman of each standing committee and assist in ensuring communications between each committee and the Board;
- lead the Chief Executive Officer annual evaluation process; and
- be the ombudsman for the Chief Executive Officer to provide two-way communication with the Board.

Board Communications

Shareholders or other interested parties may communicate with the Board as a whole, the non-executive chairman or the non-management directors as a group, by forwarding relevant information in writing to: Non-Executive Chairman, c/o Secretary, Materion Corporation, 6070 Parkland Boulevard, Mayfield Heights, Ohio 44124. Any other communication to individual directors or committees of the Board of Directors may be similarly addressed to the appropriate recipients, c/o Secretary, Materion Corporation, 6070 Parkland Boulevard, Mayfield Heights, Ohio 44124.

Board Leadership

The Board does not have a policy as to whether the role of Chief Executive Officer and Chairman of the Board should be separate or combined, or whether the Chairman should be a management or non-management director. Currently, the roles of Chairman of the Board and Chief Executive Officer are split, though in the past these roles have been combined. Mr. Khilnani was appointed Non-Executive Chairman of the Board effective January 2018, eliminating the need for a Lead Director. During 2019, Mr. Vijayvargiya was the only member of our Board who was not independent.

Unless the Chairman of the Board is an independent director, a Lead Director would be elected solely by the independent members of our Board of Directors. The Lead Director works with the Chairman of the Board and other Board members to provide strong, independent oversight of the Company's management and affairs as described above under "Non-management Directors and Non-Executive Chairman".

Risk Oversight

Our Board oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of the full Board in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

While the Board has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. In addition, management provides a risk management report, including a financial risk assessment and enterprise risk management update and information technology contingency plan, to the Audit Committee. In setting compensation, the Compensation Committee strives to create incentives that encourage a level of risk-taking consistent with the Company's business strategy. Finally, the Company's Governance and Organization Committee conducts an annual assessment of the Board for compliance with corporate governance and risk management best practices. The Company believes that the Board's role in risk oversight is consistent with the Company's leadership structure, with management having day-to-day responsibility for assessing and managing the Company's risk exposure and the Board and its committees providing oversight in connection with those efforts, with particular focus on the most significant risks facing the Company.

Audit Committee

The Audit Committee held six meetings in 2019. The Audit Committee membership consists of Mr. Shular, as Chairman, and Messrs. Phillippy and Dr. Reddy. Under the Audit Committee charter, the Audit Committee's principal functions include assisting our Board in fulfilling its oversight responsibilities with respect to:

- the integrity of our financial statements and our financial reporting process;
- compliance with ethics policies and legal and other regulatory requirements;
- our independent registered public accounting firm's qualifications and independence;
- our systems of internal accounting and financial controls; and

- the performance of our independent registered public accounting firm and of our internal audit functions.

No member of our Audit Committee serves on the audit committee of three or more public companies in addition to ours unless the Board determines that such services would not impair the member's ability to serve on our Audit Committee. The Audit Committee also prepared the Audit Committee report included under the heading "Audit Committee Report" in this proxy statement.

Audit Committee Expert, Financial Literacy and Independence

Our Board has determined that Messrs. Phillippy and Shular are Audit Committee financial experts, as defined by the SEC. Each member of the Audit Committee is financially literate and satisfies the independence requirements as set forth in the NYSE listing standards.

Compensation Committee

The Compensation Committee held four meetings in 2019. Its membership consists of Dr. Solomon, as Chairman, Ms. Liggett, and Messrs. Khilnani, Prevost and Toth. Each member of the Compensation Committee has been determined by the Board to be independent in accordance with NYSE listing standards. The Compensation Committee may, at its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee, provided that such subcommittee has a published charter in accordance with NYSE rules. The Compensation Committee's principal functions include:

- reviewing and approving executive compensation, including severance payments;
- overseeing and recommending equity and non-equity incentive plans;
- overseeing regulatory compliance with respect to compensation matters;
- advising on senior management compensation; and
- reviewing and discussing the Compensation Discussion and Analysis (CD&A) and Compensation Committee Report.

For additional information regarding the operation of the Compensation Committee, see the "Compensation Discussion and Analysis" in this proxy statement.

Governance and Organization Committee

The Governance and Organization Committee held four meetings in 2019. The Governance and Organization Committee membership consists of Mr. Khilnani, as Chairman, Ms. Liggett, Messrs. Phillippy, Prevost, Shular, and Toth and Drs. Reddy and Solomon. All of the members are independent in accordance with the NYSE listing requirements. The Governance and Organization Committee's principal functions include:

- evaluating candidates for Board membership, including any nominations of qualified candidates submitted in writing by shareholders to our Secretary;
- making recommendations to the full Board regarding director compensation;
- making recommendations to the full Board regarding governance matters;
- overseeing the evaluation of the Board and management of the Company;
- evaluating potential successors to the Chief Executive Officer for recommendation to the Board and assisting in management succession planning; and
- reviewing related party transactions.

As noted above, the Governance and Organization Committee is involved in determining compensation for our directors. The Governance and Organization Committee administers our equity incentive plans with respect to our directors, including approval of grants of stock options and other equity or equity-based awards, and makes recommendations to the Board with respect to incentive compensation plans and equity-based plans for directors. The Governance and Organization Committee periodically reviews director compensation in relation to comparable companies and other relevant factors. Any change in director compensation must be approved by the Board. No executive officer other than the Chief Executive Officer in his capacity as director participates in setting director compensation. From time to time, the Governance and Organization Committee or the Board may engage the services of a compensation consultant to provide information regarding director compensation at comparable companies.

Annual Board Self-assessments

The Board has instituted annual self-assessments of the Board, as well as of the Audit Committee, the Compensation Committee and the Governance and Organization Committee, to assist in determining whether the Board and its committees are functioning effectively. Annually, each of the members of the Board completes a detailed survey regarding the Board and its committees that provides for quantitative ratings in key areas and seeks subjective comments. The results of the survey are compiled and discussed at the Board level and in each committee. Any matters requiring follow-up are identified by the Governance and Organization Committee, which is responsible for any action items. Each of the committees also reviews its charter on an annual basis for any changes.

Also annually, each member of the Board completes a confidential evaluation of each other director that, among other things, seeks subjective comments in certain key areas. The responses to the evaluation are collected by a third party and a summary of

the responses are conveyed to the Non-Executive Chairman. The Non-Executive Chairman uses the results of the evaluation as part of the process the Governance and Organization Committee undertakes in determining whether to recommend that those directors be nominated for re-election.

Nomination of Director Candidates

The Governance and Organization Committee will consider candidates recommended by shareholders for nomination as directors of Materion Corporation. Any shareholder desiring to submit a candidate for consideration by the Governance and Organization Committee should send the name of the proposed candidate, together with biographical data and background information concerning the candidate, to the Governance and Organization Committee, c/o Secretary, Materion Corporation, 6070 Parkland Boulevard, Mayfield Heights, Ohio 44124.

In recommending candidates to the Board for nomination as directors, the Governance and Organization Committee's charter requires it to consider such factors as it deems appropriate, consistent with our Policy Statement on Significant Corporate Governance Issues. These factors are as follows:

- broad-based business, governmental, non-profit, or professional skills and experiences that indicate whether the candidate will be able to make a significant and immediate contribution to the Board's discussion and decision-making in the array of complex issues facing the Company;
- exhibited behavior that indicates he or she is committed to the highest ethical standards and the values of the Company;
- special skills, expertise and background that add to and complement the range of skills, expertise and background of the existing directors;
- whether the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all our shareholders and other stakeholders in reaching decisions;
- a global business and social perspective, personal integrity and sound judgment; and
- time available to devote to Board activities and to enhance their knowledge of the Company.

Although the Company does not have a formal policy regarding diversity, as part of the analysis of the foregoing factors, the Governance and Organization Committee considers whether the candidate enhances the diversity of the Board. Such diversity includes professional background and capabilities, knowledge of specific industries and geographic experience, as well as the more traditional diversity concepts of race, gender and national origin.

The Governance and Organization Committee's evaluation of candidates recommended by shareholders does not differ materially from its evaluation of candidates recommended from other sources.

The Governance and Organization Committee utilizes a variety of methods for identifying and evaluating director candidates. The Governance and Organization Committee regularly reviews the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance and Organization Committee considers various potential candidates for director. Candidates may come to the attention of the Governance and Organization Committee through current Board members, professional search firms, shareholders or other persons. Additionally, from time to time, the Governance and Organization Committee has used the services of an executive search firm to help identify potential director candidates who possess the characteristics described above. In such instance, the search firm has prepared a biography of each candidate, conducted reference checks and screened candidates.

A shareholder of record entitled to vote in an election of directors who timely complies with the procedures set forth in our code of regulations and with all applicable requirements of the Exchange Act and the rules and regulations thereunder, may also directly nominate individuals for election as directors at a shareholders' meeting. Copies of our code of regulations are available by a request addressed to Materion Corporation, c/o Secretary, 6070 Parkland Boulevard, Mayfield Heights, Ohio 44124.

To be timely, notice of a shareholder nomination for an annual meeting must be received at our principal executive offices not fewer than 60 nor more than 90 days prior to the date of the annual meeting. However, if the date of the meeting is more than one week before or after the first anniversary of the previous year's meeting and we do not give notice of the meeting at least 75 days in advance, nominations must be received within ten days from the date of our notice.

Majority Voting Policy

Our Board adopted a Majority Voting Policy whereby, in an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" election, which we refer to as a Majority Withheld Vote, is expected to tender his or her resignation following certification of the shareholder vote. In such an event, the Governance and Organization Committee will consider the tendered resignation and make a recommendation to the Board. The Board will act on the Governance and Organization Committee's recommendation within 90 days following certification of the shareholder vote. Any director who tenders his or her resignation pursuant to this policy will not participate in the Governance and Organization Committee's recommendation or Board's action regarding whether to accept or reject the tendered resignation.

However, if each member of the Governance and Organization Committee received a Majority Withheld Vote in the same election, then the Board would appoint a committee comprised solely of independent directors who did not receive a Majority Withheld Vote at that election to consider each tendered resignation offer and recommend to the Board of Directors whether to accept or reject each resignation. Further, if all of the director nominees received a Majority Withheld Vote in the same election, the Board would appoint a committee comprised solely of independent directors to consider each tendered resignation offer and recommend to the Board of Directors whether to accept or reject each resignation.

Director Attendance

Our Board held seven meetings in 2019. All of the current directors who were directors in 2019 attended at least 75% of the Board and assigned committee meetings during the period each individual served as a director during 2019. Our policy is that directors are expected to attend all meetings, including the annual meeting of shareholders. All of our directors attended last year's annual meeting of shareholders.

Use of Blank Check Preferred Stock

Our Board has adopted a resolution that it will not, without prior shareholder approval, authorize the issuance of any series of preferred stock for any defensive or anti-takeover purpose, for the purpose of implementing any shareholder rights plan or with features specifically intended to make any attempted acquisition of the Company more difficult or costly; provided that, within the limits described above, the Board may authorize the issuance of preferred stock for capital raising transactions, acquisitions, joint ventures or other corporate purposes.

Position Statement on Shareholder Rights Plans

Our Board has adopted a Position Statement on Shareholder Rights Plans. The Position Statement provides that, if the Board adopts a shareholder rights plan, it will do so by action of the majority of its independent directors after careful deliberation and in the exercise of its fiduciary duties, and the Board will seek prior shareholder approval of the plan unless, due to time constraints or other considerations, the majority of the independent directors determine that it would be in the best interest of the Company and its shareholders to adopt the rights plan without first obtaining shareholder approval. The Position Statement also provides that if the Board adopts a rights plan without prior shareholder approval, the plan will expire on the first anniversary of its effective date unless prior to such time the plan has been ratified by a vote of the Company's shareholders, which vote may exclude shares held by any potential acquiring shareholders.

Opt Out of the Ohio Control Shareholder Act

At our annual meeting of shareholders held in May 2014, our shareholders approved a management-sponsored proposal to amend our Amended and Restated Code of Regulations to opt out of Section 1701.831 of the Ohio Revised Code, which is commonly referred to as the Ohio Control Share Acquisition Act. The Ohio Control Share Acquisition Act generally applies to Ohio public corporations unless a corporation specifically opts out of the statute's application. The Ohio Control Share Acquisition Act generally requires that any "control share acquisition" of an Ohio public corporation can only be made with the prior authorization of shareholders. "Control share acquisitions" are defined to be acquisitions of shares entitling a person to exercise or direct the voting power in the election of directors within any of three separate ranges: (1) one-fifth or more but less than one-third of such voting power, (2) one-third or more but less than a majority of such voting power, or (3) a majority or more of such voting power. A person desiring to make a control share acquisition must first deliver notice to the corporation and provide certain information about the acquirer and the proposed acquisition, and the corporation's board of directors must call a special meeting of shareholders to vote on the proposed acquisition. Because of the amendment to our Amended and Restated Code of Regulations approved by our shareholders, the Ohio Control Share Acquisition Act no longer applies to us.

2019 Compensation of Non-Employee Directors

Total compensation of our non-employee directors for the year ended December 31, 2019, was as follows:

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards⁽¹⁾ (\$)</u>	<u>Total (\$)</u>
Vinod M. Khilnani	140,000	94,999	234,999
William B. Lawrence ⁽²⁾	35,000	—	35,000
Robert J. Phillippy ⁽³⁾	69,927	94,999	164,926
Patrick Prevost ^{(3), (4)}	34,970	169,980	204,950
N. Mohan Reddy	70,000	94,999	164,999
Craig S. Shular ⁽³⁾	69,927	94,999	164,926
Darlene J. S. Solomon	80,000	94,999	174,999
Robert B. Toth	70,000	94,999	164,999
Geoffrey Wild ⁽⁵⁾	85,000	94,999	179,999

(1) The amounts in this column reflect the grant date fair value of time-based restricted stock unit (RSU) awards as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 718.

(2) Mr. Lawrence did not stand for re-election at the 2019 annual meeting and is no longer a member of our Board.

(3) Mr. Phillippy, Mr. Prevost, and Mr. Shular elected to defer 100% of their compensation in the form of deferred stock units, as described below under Deferred Compensation.

(4) Mr. Prevost's stock award includes 1,090 shares of common stock, with a grant date fair value of \$68.79 per share, granted upon appointment to the Board of Directors on May 8, 2019, as described below under Equity Compensation.

(5) Mr. Wild resigned from our Board effective December 1, 2019.

The following table presents the RSU awards granted to non-employee directors in 2019. Awards were made on May 8, 2019 and valued based on that day's closing price of \$68.79. These awards in general will vest May 8, 2020, if the individual remains as a director until that date. As of December 31, 2019, no other stock or option awards were outstanding for our non-employee directors.

<u>Name</u>	<u>Restricted Stock Units</u>
Vinod M. Khilnani	1,381
Robert J. Phillippy	1,381
Patrick Prevost	1,381
N. Mohan Reddy	1,381
Craig S. Shular	1,381
Darlene J. S. Solomon	1,381
Robert B. Toth	1,381
Geoffrey Wild ⁽¹⁾	1,381

(1) Mr. Wild resigned from our Board effective December 1, 2019 and as a result will only vest in half of the RSU grant in the table above.

Annual Retainer Fees

In 2019, non-employee directors received an annual retainer fee in the amount of \$65,000. Non-employee directors also received the additional annual retainers: member of Compensation Committee, \$5,000 (\$10,000 for Chairman, Dr. Solomon); member of Audit Committee, \$5,000 (\$20,000 for former Chairman, Mr. Wild); Chairman of Governance and Organization Committee, \$10,000 (Mr. Khilnani); and Chairman of the Board, \$60,000 (Mr. Khilnani).

Equity Compensation

Under the 2006 Non-Employee Director Equity Plan (Director Equity Plan), non-employee directors who continued to serve as directors following the 2019 annual meeting of shareholders received \$95,000 worth of RSUs (subject to rounding) which will generally be paid out in common stock at the end of a one-year restriction period. These RSUs were granted on the day following the annual meeting. The number of RSUs granted is equal to \$95,000 divided by the closing price of our common stock on the day of the annual meeting (subject to rounding).

In the event a new director is elected or appointed, common stock may be granted, at the Board's discretion, usually on the first business day following the election or appointment to the Board of Directors. This grant of common stock has typically been equal to \$100,000 divided by the closing price of our common stock on the day the director is elected or appointed to the Board of

Directors. The grant is expected to be prorated by multiplying such number of shares of common stock by a fraction (in no case greater than one), (1) the numerator of which is one plus the number of full quarters remaining in the calendar year in which such election or appointment occurs after the date such election or appointment occurs, and (2) the denominator of which is four. The Company does not issue any fractional shares.

Deferred Compensation

Non-employee directors may defer all or a part of their annual retainer fees in the form of deferred stock units under the Director Equity Plan until ceasing to be a member of the Board of Directors or a date specified by the participant. A director may also elect to have RSUs or other stock awards granted under the Director Equity Plan deferred in the form of deferred stock units.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following information is set forth with respect to persons known to management to be the beneficial owners of more than 5% of Materion's common shares as of December 31, 2019.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership⁽¹⁾	Percent of Class
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	3,571,270 (2)	17.5%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	2,156,463 (3)	10.6%
Dimensional Fund Advisors LP 6300 Bee Cave Road, Building One Austin, TX 78746	1,633,435 (4)	8.0%

(1) The information contained in this table, including related footnotes, is based on the Schedule 13G and Schedule 13D filings made by the beneficial owners identified herein.

(2) BlackRock, Inc. has sole investment power over 3,571,270 shares and sole voting power over 3,451,830 shares.

(3) The Vanguard Group has sole voting power over 29,620 shares, shared voting power of 2,244 shares, sole dispositive power over 2,127,976 shares and shared dispositive power over 28,487 shares. The amount beneficially owned totals 2,156,463 shares.

(4) Dimensional Fund Advisors LP has sole investment power over 1,633,435 shares and sole voting power over 1,581,215 shares.

Security Ownership of Directors and Named Executive Officers

The following table sets forth information with respect to the beneficial ownership of the Company's common stock by each director and director nominee for election as a director of the Company, each of the named executive officers and all directors and executive officers as a group, as of January 31, 2020, unless otherwise indicated. The shareholders listed in the table have sole voting and investment power with respect to shares beneficially owned by them, unless otherwise indicated. Shares that are subject to stock appreciation rights (SARs) that may be exercised within 60 days of January 31, 2020 are reflected in the number of shares shown and in computing the percentage of Materion's common stock beneficially owned by the person who owns those SARs.

Name	Number of Shares	Percent of Class
Gregory R. Chemnitz	25,417 (2)	*
Joseph P. Kelley	32,861 (2)	*
Vinod M. Khilnani	36,486 (1)	*
Emily M. Liggett	0	*
Robert J. Phillippy	5,462 (1)	*
Patrick Prevost	1,945 (1)	*
N. Mohan Reddy	36,486 (1)	*
Craig S. Shular	43,565 (1)	*
Darlene J. S. Solomon	20,063	*
Robert B. Toth	18,472	*
Jugal K. Vijayvargiya	53,573 (2)	*
All Directors and Executive Officers as a group (including the Named Executive Officers (11 persons))	274,330 (3)	1.3%
*Less than 1% of Materion's outstanding common stock		

- (1) Includes deferred shares under the Director Plan as follows: Mr. Khilnani 16,178, Mr. Phillippy 4,009, Mr. Prevost 1,945, Dr. Reddy 36,486 and Mr. Shular 40,321.
- (2) Includes shares covered by SARs exercisable within 60 days of January 31, 2020 as follows: Mr. Vijayvargiya 46,661, Mr. Kelley 14,719 and Mr. Chemnitz 11,292.
- (3) Includes an aggregate of 72,672 shares subject to SARs held by executive officers exercisable within 60 days of January 31, 2020 and an aggregate of 98,939 deferred shares held by directors.

RELATED PARTY TRANSACTIONS

We recognize that transactions between any of our directors or executive officers and us can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations other than the best interests of our shareholders. Pursuant to its charter, the Governance and Organization Committee considers and makes recommendations to the Board with regard to possible conflicts of interest of Board members or management. The Board then makes a determination as to whether to approve the transaction.

The Governance and Organization Committee reviews all relationships and transactions in which Materion Corporation and its directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our Secretary is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions in order to enable the Governance and Organization Committee to determine, based on the facts and circumstances, whether Materion or a related person has a direct or indirect material interest in the transaction. As set forth in the Governance and Organization Committee's charter, in the course of the review of a potentially material-related person transaction, the Governance and Organization Committee considers:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;
- the importance of the transaction to Materion;
- whether the transaction would impair the judgment of a director or executive officer to act in the best interest of Materion; and
- any other matters the Governance and Organization Committee deems appropriate.

Based on this review, the Governance and Organization Committee will determine whether to approve or ratify any transaction which is directly or indirectly material to Materion or a related person.

Any member of the Governance and Organization Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote with respect to the approval or ratification of the transaction; however, such director may be counted in determining the presence of a quorum at a meeting of the Governance and Organization Committee that considers the transaction. There were no related party transactions in 2019.

AUDIT COMMITTEE REPORT

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the annual report with management, and discussed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm such firm's independence.

The Audit Committee discussed with the Company's internal auditors and the independent registered public accounting firm the overall scope and plans for the respective audits. The Audit Committee meets with the internal auditors and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee held six meetings during 2019.

In reliance on these reviews and discussions, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2019 for filing with the SEC.

The current Audit Committee charter is available on our website at <https://materion.com>.

Craig S. Shular (Chairman)
Robert J. Phillippy
N. Mohan Reddy

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) provides an overview of our executive compensation program and 2019 pay determinations for our named executive officers (NEOs), as shown below:

Named Executive Officers

Jugal K. Vijayvargiya, President and Chief Executive Officer

Joseph P. Kelley, Vice President, Finance and Chief Financial Officer

Gregory R. Chemnitz, Vice President, General Counsel and Secretary

This CD&A consists of the following three sections:

Section I: Executive Summary - 2019 in Review

Section II: Executive Compensation Program Overview

Section III: Details and Analysis of the 2019 Executive Compensation Program

Section I: Executive Summary - 2019 in Review

Materion Corporation has a long-standing and strong commitment toward pay-for-performance in its executive compensation program. We maintain this orientation throughout economic cycles that may cause fluctuation in our operating results.

We believe the decisions regarding our NEO compensation program in 2019 described in the CD&A below reflect our ongoing commitment to sustaining our pay-for-performance philosophy.

2019 Company Performance Overview

The Company delivered record profit in 2019 primarily led by performance improvements in our Performance Alloys and Composites segment. Operating profit for 2019 was \$67.0 million, compared to \$61.5 million in 2018. Excluding special items related to impairment charges, cost reduction initiatives, and other non-recurring items, adjusted operating profit⁽¹⁾ totaled \$82.4 million in 2019, an increase of 25% compared to \$66.0 million in 2018. Commercial and operational improvements drove the year-over-year increase in operating profit.

Net income was \$50.7 million, or \$2.45 per share, diluted, compared to \$20.8 million, or \$1.01 per share in 2018. Adjusted net income per diluted share was \$3.19, an increase of 34% compared to \$2.38 in 2018 and the third consecutive year with adjusted earnings per share growth in excess of 30%.

The Company also generated record operating cash flow of \$99.2 million in 2019 and ended the year with \$125.0 million of cash and only \$2.2 million of total debt.

Net sales of \$1.2 billion in 2019 were consistent with 2018. Value-added sales (reconciled with generally accepted accounting principles (GAAP)⁽¹⁾ in Appendix A), were \$733.7 million in 2019, relatively flat versus \$739.0 million in 2018. As a percentage of value-added sales, adjusted operating profit was a record 11.2%.

(1) See Appendix A for a definition of value-added sales and a reconciliation of non-GAAP to GAAP financial measures.

Key Financial and Strategic Highlights for 2019

- Adjusted operating profit was an all-time record of \$82.4 million, up 25% from the prior year
- Adjusted net income for 2019 was an all-time record of \$67.0 million, or \$3.19 per share, diluted, an increase of 34% as compared to \$49.0 million, or \$2.38 per share, for the prior year
- Record operating cash flow of \$99.2 million for 2019 and ended the year with \$125.0 million in cash and only \$2.2 million in total debt
- Increased quarterly dividend for a seventh consecutive year to \$0.44 per share on an annual basis and returned \$9.1 million to shareholders in the form of dividends and common share repurchases

Summary NEO Compensation Decisions and Actions in 2019

Factors Guiding NEO Compensation Decisions

- Market compensation rates, including Materion's compensation peer group, for each position
- Company's performance against pre-established goals
- Experience, skills and expected future contributions and leadership
- Contributions and performance of each individual

2019 NEO Compensation Decisions (see below for details)

- **Target Total Direct Compensation:** The target total direct compensation for Messrs. Vijayvargiya, Kelley, and Chemnitz in 2019 was managed within 20% of the market median.
- **Base Pay:** NEO salary increases were 3.45% for Mr. Vijayvargiya, 3.51% for Mr. Kelley and 2.99% for Mr. Chemnitz.
- **Management Incentive Plan (MIP):** Payout under the MIP was based on Company adjusted operating profit, value-added sales growth, and simplified free cash flow performance versus goals. The Company achieved 146% of its adjusted operating profit target, 0.0% of its value-added sales growth target and 200% of its simplified free cash flow target, resulting in MIP awards at 132.2% of target for our NEOs.
- **Long-term Incentives (LTI):** The Committee determined 2019 equity grants after carefully considering (1) the Company's 2018 performance, (2) comparative market pay practices and (3) our performance-driven compensation philosophy. In 2019, performance-based grants represented about 75% of the overall target equity opportunities for Mr. Vijayvargiya, and 60% of the overall target equity opportunities for Messrs. Kelley and Chemnitz.

2019 NEO Compensation Program Design Changes

- We moved the timing of annual base salary increase reviews for NEOs from late March to August 1 to align with the Company's annual merit review process for all other U.S.-based employees.
- Effective December 31, 2019, the Materion Corporation Pension Plan (the Pension Plan) was amended, freezing the accrued benefit for all participants. Beginning January 1, 2020, the Materion Corporation Retirement Savings Plan (401(k) Plan) was enhanced, providing participants a Company matching contribution of \$1.00 for each dollar they contribute up to the first 4% of compensation deferred, and an annual non-elective contribution ranging from 1.5% to 2.5% of each employee's annual eligible earnings based on their age. Both the company match and the annual non-elective contribution are subject to the applicable annual Internal Revenue Code (Code) limitation. The Company provided a transition payment to all employees, as part of freezing the Pension Plan, in the form of a one-time employer contribution to the 401(k) plan equal to the greater of \$500 or 1% of their eligible earnings not to exceed \$2,800.
- In conjunction with freezing the Pension Plan, the Materion Corporation Supplemental Retirement Benefit Plan (SRBP) was amended, freezing the accrued benefit for all participants, effective December 31, 2019.

Shareholder Advisory Vote Consideration

- At our 2019 annual meeting of shareholders, we received approximately 97% approval from our shareholders, based on the total votes counted, for our annual advisory "Say-on-Pay" proposal to approve the compensation of our NEOs. The Committee considered these voting results at its meetings after the vote, and while it believes the voting results demonstrate significant support for our overall executive compensation program, the Committee remains dedicated to continuously improving the existing executive compensation program and the governance environment surrounding the overall program. The Committee did not make any changes to its compensation policies and practices that were specifically driven by the results of the Say-on-Pay vote.

Changes in Prior Years

The Committee has made a number of other executive pay and related corporate governance changes to further align our executive compensation program with market competitive best practices. Specifically, the Committee:

Compensation Program Design	<ul style="list-style-type: none">• Established stock ownership and retention guidelines for the NEOs and non-employee directors to further promote long-term equity ownership.• Introduced a simplified free cash flow (SFCF) metric (defined as the amount equal to operating profit plus depreciation and amortization, plus or minus the change in working capital minus capital investments), in addition to the existing operating profit and value-added sales growth metrics, within our annual MIP to provide more focus on continually improving the Company's return on invested capital.• Put more stock and compensation at risk by increasing the weighting on the Performance Restricted Stock Units (PRSUs) to between 40% and 50% (from 33% in 2012) of the total target LTI award mix for our NEOs. The LTI program for 2019 had four components, comprised of stock appreciation rights (SARs), PRSUs tied to our Relative Total Shareholder Return (RTSR) (RTSR PRSUs), PRSUs tied to our absolute Return On Invested Capital (ROIC) (ROIC PRSUs) and time-based restricted stock units (RSUs). Including all PRSUs and SARs, 60% or 75% of the total target LTI award mix for our NEOs is "at risk."• Eliminated all executive perquisite programs, other than periodic executive physicals, for the NEOs.• To align with market and peer company practices, vesting of SARs was changed from 100% "cliff" vesting three years from the date of grant to ratably vesting one-third on each anniversary of the grant date.• To align with market competitive best practices, any earned payouts under the Company's PRSU awards are 100% payable in shares versus our former practice of PRSUs being paid in shares for payouts up to target performance and in cash for payouts above target.
Corporate Governance	<ul style="list-style-type: none">• Eliminated the "modified single trigger" provision from all future severance agreements with new executives.• Allowed the excise tax gross-up provisions in existing severance agreements to expire in 2012 and exclude gross-up provisions from any new agreements.• Implemented a "double trigger" change in control vesting provision for all new equity grants beginning in 2011, which provides that outstanding equity grants will vest on an accelerated basis either if the awards are not continued, assumed or replaced upon the occurrence of a change in control or if the executive experiences a subsequent qualifying termination of employment. The change in control beneficial ownership percentage trigger was also increased to 30%.• Implemented a formal clawback policy that goes beyond the existing provisions contained in our equity award agreements and mandates of The Sarbanes-Oxley Act of 2002. If and when final regulations for clawbacks are promulgated by the SEC and the NYSE under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), we will modify our policy accordingly to ensure compliance with such new regulations.• Developed Special Adjustment Administrative Guidelines, on which annual and long-term incentive plan payouts are determined, to ensure that the integrity of the adjustments are consistent with Company guidelines and typical industry-related guidelines for reporting non-GAAP earnings.

Section II: Executive Compensation Program Overview

Compensation Philosophy and Objectives

Our long-standing compensation philosophy has three key objectives:

- Attract, motivate and help retain key executives with the ability to profitably grow our business portfolio;
- Build a pay-for-performance environment with total pay levels targeted at the competitive market median; and
- Provide opportunities for share ownership to align the interests of our executives with our shareholders.

Primary Components of the NEO Compensation Program for 2019

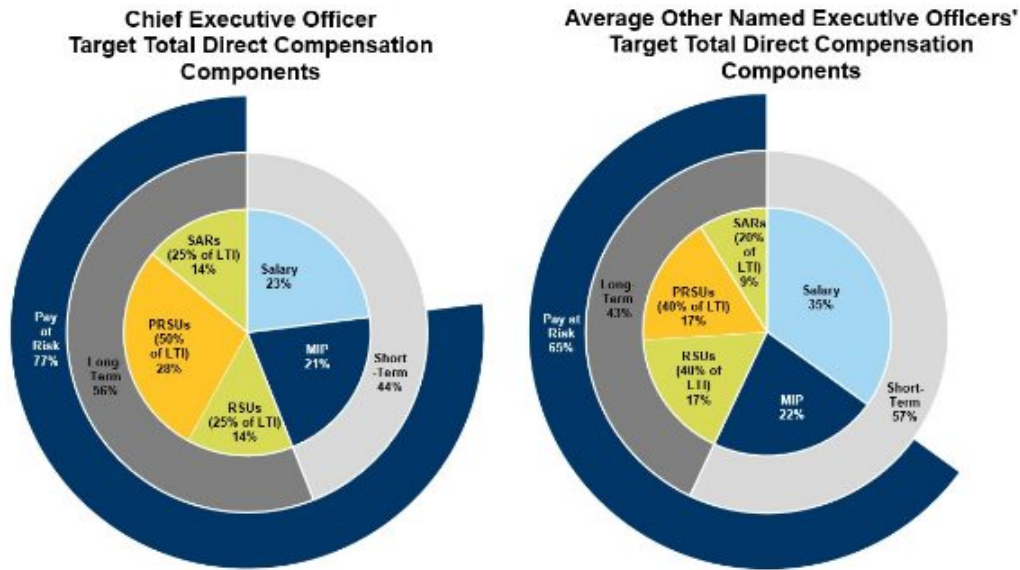
To achieve these objectives, our NEO compensation program includes the following primary components:

Component	Purpose / Objective	Performance Linkage	Form of Payout
Base Salaries	Provide a fixed, competitive level of pay based on responsibility, qualifications, experience and performance	Moderate: merit increases are based on individual performance	Cash
Short-term Cash Incentives (MIP)	Align variable pay with short-term performance in support of our annual business plan and strategic objectives	Strong: awards are tied to pre-established financial goals	Cash
Long-term Incentives (LTI) including: SARs, PRSUs and RSUs	Align variable pay with longer term, sustained performance and shareholder value creation; enhance executive retention and provide an equity stake to further align with shareholder interests	Strong: PRSUs represent about 40% - 50% of the total target award opportunity, and, including SARs (the value of which is tied to stock price appreciation), about 60 - 75% of total target LTI is "at risk"	SARs, RSUs and PRSUs are payable in shares
Health, Welfare and Retirement Benefits	Provide competitive health, welfare and retirement benefits and enhance executive retention. NEOs are also eligible for periodic executive physicals, but no other perquisites are provided	None	Retirement benefits are payable in cash following qualifying separation from service

Target Total Pay Mix

Due to our pay-for-performance philosophy, the Committee has set base salaries as a relatively small part of target total pay for the NEOs and has provided a significant portion of target total pay for the NEOs in the form of equity-based LTI, consisting of grants of SARs, PRSUs and RSUs that align NEOs' interests with those of our shareholders. In 2019, performance-based LTI grants represented approximately 75% of the total target equity opportunity offered to Mr. Vijayvargiya and approximately 60% for Messrs. Chemnitz and Kelley.

The following charts summarize the target total pay mix for our CEO and the average target total pay mix for our other NEOs:



As shown above, the majority of the target total pay mix is tied to variable, performance-based incentives, with considerable emphasis on equity-based LTI. Overall, the charts illustrate the following:

- Long-term incentives represent 56% of the target total pay mix for our CEO, with 44% of the target total pay mix provided in the form of cash-based, short-term pay (the combination of salary and target MIP);
- Long-term incentives represent 43% of the average target total pay mix for our other two NEOs, with the remaining 57% provided in the form of cash-based short-term pay; and
- Performance-based pay (the combination of target MIP, SARs and PRSUs) is approximately 63% of target total pay for our CEO and averages 48% of target total pay for our other two NEOs, versus fixed pay (salary and time-based vesting RSUs) of about 37% and 52%, respectively.

Our Commitment to Sound Corporate Governance

The Committee works to ensure that our executive compensation program adheres to sound corporate governance and market competitive best practices. The following table highlights our corporate governance practices:

What We DO	What We DON'T DO
<ul style="list-style-type: none"> • Target pay mix places primary emphasis on variable incentives to align pay with performance. • Incentives are tied to pre-established, objective goals, with no payouts for below-threshold performance. • Majority of LTI awards are “at risk”, with 40% to 50% based on PRSUs tied to three-year performance goals. • NEOs are subject to mandatory stock ownership guidelines along with stock holding requirements. • Incentive awards to NEOs are subject to a formal clawback policy. • NEO pay is initially targeted in the median range of our peer group and third-party general industry surveys for all elements of compensation, including base salary, target MIP opportunities and target LTI awards. 	<ul style="list-style-type: none"> • No single trigger acceleration provisions in the event of a change in control for cash severance or equity awards. • No excessive benefits and no NEO perquisites, other than periodic executive physicals. • No excise or other tax gross-ups in current or future NEO employment or severance agreements. • No repricing of SARs or stock options without prior shareholder approval. • No multi-year guarantees for salary increases, bonuses, incentives, or equity grants. • No dividend equivalents or dividends paid on unearned PRSUs.
	<ul style="list-style-type: none"> • No share hedging or pledging activities.

The Compensation Committee and its Role in Determining NEO Pay

The Committee is responsible for the design and oversight of our executive compensation programs covering NEOs, including the CEO. All of the members of the Committee are independent, non-employee directors as defined by the rules of the NYSE. The Committee makes policy and strategic recommendations to the Board of Directors (Board) and has authority delegated from the Board to, among other things:

- Implement executive pay decisions;
- Design the base pay, incentive pay and benefit programs for the NEOs;
- Assess and address any inherent risks in executive and employee compensation programs;
- Oversee the equity incentive plans; and
- Oversee the administration of our stock ownership guidelines.

The Committee met four times in 2019 and all meetings included an executive session during which management was not present. In addition, the Committee acted by written consent twice. Most compensation decisions are finalized in the first quarter of each fiscal year. The Committee charter, which sets forth the Committee's responsibilities on a more comprehensive basis, is available under the "Corporate Governance" tab at <http://materion.com> and is reviewed on an annual basis to ensure it continues to satisfy changing corporate governance requirements and expectations.

The Committee considers market information and advice provided by an independent compensation consultant (FW Cook) and other advisors. It also reviews business documents such as budgets, financial statements and management reports of our business activities, as well as individual performance assessments, in making its decisions. Additionally, it considers other factors, such as the experience, skill sets and contributions of each NEO toward our overall success. The Committee receives input from the CEO with respect to salaries, incentives and total pay for the other NEOs, and input from the other NEOs for other executives who are part of the Committee's responsibility. However, all compensation decisions for these individuals are ultimately made by the Committee and all compensation decisions for the CEO are made by the Committee. In addition, the Committee reviews compensation element values and totals, primarily to identify any competitive issues, gain an understanding of the relative dollar values of each compensation element and to understand the magnitude of total compensation.

The Role of Management in Providing Input on Executive Pay to the Committee

Management provides periodic updates to the Committee regarding business performance and forecasts. Management also provides input on incentive compensation plan performance goals, based on the annual business plan approved by the Board. As noted above, NEOs also provide individual performance assessments and base salary recommendations for their direct reports whose pay is subject to Committee oversight.

The Role of the Independent Compensation Consultant and Other Independent Advisers to the Committee

In determining compensation elements and performance goals for the NEOs, the Committee relies on several resources, including the services of an independent compensation consultant as well as other periodically retained independent advisers. In 2019, the Committee again engaged FW Cook to serve as its independent compensation consultant.

FW Cook works directly for the Committee (and not on behalf of management) and assists the Committee in evaluating our executive compensation program, including peer group composition, competitive benchmarking, program design and staying abreast of market practices and trends.

For 2019, the Committee assessed the independence of FW Cook, as required under NYSE listing rules. The Committee also considered and assessed all relevant factors, including but not limited to those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act, that could give rise to a potential conflict of interest with respect to FW Cook's work. Based on the review, we are not aware of any conflict of interest that has been raised by the work performed by FW Cook.

How Pay is Set: Peer Group Companies

For 2019 compensation determinations and assessments were made primarily against a comparison group of 21 public companies in the steel/metals & mining, specialty/commodity chemicals, and semiconductor/electronics industries as selected by FW Cook and approved by the Committee. FW Cook reviews and updates the comparison group for continued appropriateness based on industry and company size, utilizing companies with annual revenues greater than \$300 million and within a reasonable size range in metrics consisting of operating income, total assets, total equity, total employees and market capitalization. The comparison group selection criteria are also based on companies that have similar business characteristics. The comparison group is the same peer group used for determining long-term incentive RTSR PRSU award payouts. The following companies were included in the 2018 comparison group used to assist with setting 2019 target compensation:

Cabot Corporation	Innophos Holdings
Calgon Carbon Corporation	Integrated Device Technology, Inc.
Coherent Inc.	II-VI Incorporated
Entegris, Inc.	KEMET Corp.
PolyOne Corporation	Kraton Performance Polymers Inc.
Rayonier Advanced Materials	Minerals Technologies Inc.
Schweiter-Mauduit Int'l.	Olympic Steel Inc.
Carpenter Technology Corp.	Quaker Chemical Corporation
CTS Corporation	Rogers Corporation
Ferro Corporation	Suncoke Energy, Inc.
Haynes International, Inc.	

Based on FW Cook's September 2018 report, the Company ranked near the median range of comparison companies, on average, in terms of company size, profitability, growth, and shareholder return. This competitive ranking indicates that the comparison group is a reasonable competitive benchmark and that the median range is an appropriate and fair range to target total direct compensation opportunities for the NEOs, with actual pay delivered dependent on Company and individual performance.

Given the strong correlation between revenue and executive pay, FW Cook size-adjusts the competitive market by using the median pay of the comparison group, where the Company is positioned near the median of the group in terms of company size, profitability, growth, and shareholder return. The peer group data is blended with median third-party survey data, regressed and adjusted based on the Company's corporate and business unit revenue scope. The third-party survey data used is from the 2018 Willis Towers Watson Executive Compensation Database and the 2017 Aon Hewitt Total Compensation Measurement Survey. The Willis Towers Watson survey includes over 500 organizations ranging in size from approximately \$5 million to over \$500 billion in annual revenue. The Aon Hewitt survey includes over 500 organizations ranging in size from approximately \$100 million to over \$200 billion in annual revenue. Data selected from these surveys is scoped based on Company revenue. The compensation data subjected to analysis, and not the identity of the individual companies participating in these surveys, was the significant factor considered by the Committee with respect to its 2019 executive compensation decisions for our NEOs.

The median comparison group data and the size-adjusted third-party survey data is used to set a targeted range for the Company's pay elements, which is referred to as the median market range. These targeted ranges are within 10% of median for base salaries, within 15% of median for annual cash incentive targets, and within 20% of median for both long-term incentive targets and for target total direct compensation. In making compensation decisions, the Committee reviews these target ranges; however, individual named executive officers' total direct compensation, or its elements, may vary above or below the market median range due to the executive's skills, experience in current role, tenure with the Company and individual performance.

Based on the 2018 comparison group and third-party survey data described above, targeted total direct compensation for 2019 for our named executive officers at the time of the Committee's compensation review was within the market median range for target total direct compensation. FW Cook reported that the average mix of base salary, annual cash incentive and annual long-term incentive opportunity for our NEOs was representative of competitive practices. The Company's practice of using a portfolio of grant types is consistent with the majority of comparative company practices. FW Cook also reported that the Company's equity compensation grant practices for 2018 ranked between the 25th and 75th percentiles of the comparison group in terms of equity compensation cost, share usage run rate, and potential dilution overhang.

In looking ahead, the Committee reviewed the peer group of comparison companies that would be used to assist in setting 2020 target compensation. Calgon Carbon was removed from the peer group following its acquisition by Kuraray Holdings in March 2018.

The Committee decided no further actions to the makeup of the peer group, as mentioned above, were required given the Company's current financial position. The Company maintains its ranking near the median of the comparison companies in terms of size, profitability, growth, and shareholder return.

Section III: Details and Analysis of the 2019 Executive Compensation Program

The following is an explanation and analysis of the 2019 pay elements:

Base Salary

The Committee approved a base salary increase of 3.45% for Mr. Vijayvargiya, 3.51% for Mr. Kelley and 2.99% for Mr. Chemnitz to improve the alignment with the competitive market and recognize past performance and future expected contributions.

	2018 Base Salary	2019 Base Salary	% Increase
Jugal K. Vijayvargiya	\$725,000	\$750,000	3.45%
Joseph P. Kelley	421,800	436,600	3.51%
Gregory R. Chemnitz	407,700	419,900	2.99%

2019 Management Incentive Plan (MIP)

Early in the year, the Board approved an annual operating plan that reflected our expectations for our performance during 2019. The annual operating plan called for a 16% increase in adjusted operating profit (OP), a 3% increase in simplified free cash flow (SFCF) and a 3.5% increase in value-added sales (VAS) compared to 2018.

The Committee used the 2019 annual operating plan as the basis for setting our 2019 MIP goals of adjusted OP, VAS growth, and simplified free cash flow (SFCF). VAS is the amount equal to the Company's sales minus the aggregate cost to the Company of gold, silver, platinum, palladium and copper. SFCF is the amount equal to adjusted OP plus depreciation and amortization minus the change in working capital (accounts receivable, accounts payable and inventory) and capital investments. The adjusted OP, VAS growth, and SFCF goals accounted for 70%, 15%, and 15%, respectively, of each NEO's total target annual incentive opportunity. The Committee determined that meeting these goals would require significant effort and achievement on the part of the executive team and all Company employees in the continued execution of our growth strategy.

The 2019 target annual incentives, as a percentage of salaries, for all NEOs were within the market range and remained the same as 2018 for Messrs. Vijayvargiya, Kelley and Chemnitz at 90%, 70% and 56% respectively.

2019 MIP Performance Measures and Target Payout as a % of Salary

Name	Adjusted OP (70%)	VAS Growth (15%)	SFCF (15%)	Total MIP Target
Jugal K. Vijayvargiya	63.0%	13.5%	13.5%	90%
Joseph P. Kelley	49.0%	10.5%	10.5%	70%
Gregory R. Chemnitz	39.2%	8.4%	8.4%	56%

Actual payouts can range from 0% of target awards for below-threshold results up to 200% of target awards at maximum levels and are determined on the basis of straight-line mathematical interpolation. Additionally, MIP payouts are subject to recoupment under our clawback policy.

The table below shows the threshold, target and maximum performance goals for 2019 as well as actual results:

(\$ in millions)	Performance Metric	2019 MIP Performance Goals and Results				Results	
		Weighting	Threshold (Funds 25%)	Target (Funds 100%)	Maximum (Funds 200%)	2019 Actual Performance	% of Target Award Earned
	Adjusted OP ⁽¹⁾	70.0%	\$60.8	\$76.3	\$91.3	\$83.2	146.0%
	VAS Growth	15.0%	1.8%	3.5%	5.3%	(0.71)%	0.0%
	SFCF	15.0%	\$59.0	\$74.2	\$88.7	\$90.2	200.0%

⁽¹⁾ Actual 2019 adjusted OP for incentive compensation purposes excludes the impact of non-recurring items. See Appendix A for a reconciliation of non-GAAP to GAAP financial measures.

The Company's adjusted OP was \$83.2 million in 2019, which exceeded the target performance goal of \$76.3 million, resulting in an earned payout of 146% of target for that portion of the award opportunity. VAS growth was -0.71%, which was below threshold performance, resulting in an earned payout of 0.0% for that portion of the award opportunity. SFCF was \$90.2 million, which exceeded the maximum of \$88.7 million, resulting in an earned payout of 200% for that portion of the award opportunity.

Overall, total MIP awards for all NEOs were earned at a 132.2% level in 2019 given the strong financial performance. The table below shows the total 2019 MIP awards earned as a result of the 2019 adjusted OP, VAS growth, and SFCF performance compared to goals:

Name	MIP Target		Payouts by Performance Measure			Total MIP Payout
	%	\$	Adjusted OP ⁽¹⁾	VAS Growth	SFCF	
Jugal K. Vijayvargiya	90%	\$ 675,000	\$ 689,850	\$ —	\$ 202,500	\$ 892,350
Joseph P. Kelley	70%	305,620	312,344	—	91,686	404,030
Gregory R. Chemnitz	56%	235,144	240,317	—	70,543	310,860

⁽¹⁾ Actual 2019 adjusted OP for incentive compensation purposes excludes the impact of non-recurring items. See Appendix A for a reconciliation of non-GAAP to GAAP financial measures.

Long-term Incentive Equity-based Awards

General

Target LTI award values are determined based on consideration of the market median range, as well as the experience, responsibilities and performance of each executive. The outstanding equity grants currently held by each NEO are not taken into consideration in making new grants to that NEO.

LTI Award Vehicles and Grants Made in 2019

The LTI program for 2019 had four components and included:

- *Stock Appreciation Rights (SARs)*, which are granted at fair market value and appreciate in value based on increases in our share price and, consequently, the capital appreciation achieved for shareholders. The SARs generally vest in thirds on each of the first three anniversary dates measured from the grant date, subject to the NEO's continued service with us on such date, and subject to accelerated vesting in certain circumstances as described below in "Potential Payments Upon Termination or Change in Control". The SARs have a term of seven years during which they can be exercised if vested and are settled (when exercised) in shares. The SARs will expire if not exercised prior to the end of the seven-year term.
- *Restricted Stock Units (RSUs)*, which are designed for retention purposes and are earned by our NEOs based on the passage of time and continued employment. The RSUs generally vest three years after the grant date, subject to the NEO's continued service with us on such date, and are settled in shares, subject to accelerated vesting in certain circumstances as described below in "Potential Payments Upon Termination or Change in Control".
- *Performance-based Restricted Stock Units (RTSR PRSUs)*, which are tied to our Total Shareholder Return (TSR) over three years versus the TSR of our peer group (identified above under "Peer Group Companies"). These awards are intended to align executive pay with long-term shareholder value creation and RTSR performance. RTSR PRSUs generally vest at the end of the performance period, contingent on the NEO still being employed, subject to accelerated vesting in certain circumstances as described below in "Potential Payments Upon Termination or Change in Control". Any earned RTSR PRSU awards are settled in shares. Award funding can range from 0% to 200% of target levels, based on our three-year TSR positioning relative to peers as shown in the table below:

Performance Level	Three-Year RTSR vs. Peers	% of Target RTSR PRSUs Earned
Below Threshold	Below 25th Percentile	0%
Threshold	25th Percentile	50%
Target	50th Percentile	100%
Maximum	80th Percentile	200%

- *Performance-based Restricted Stock Units (ROIC PRSUs)*, are tied to our average ROIC for 2019, 2020 and 2021. These ROIC PRSU awards are intended to further align executive pay with Company performance over a multi-year period, as measured by ROIC, which we believe correlates with long-term shareholder value creation. ROIC PRSUs generally vest at the end of the performance period, contingent on the NEO still being employed, subject to accelerated vesting in certain circumstances as described below in “Potential Payments Upon Termination or Change in Control”. Any earned ROIC PRSUs for grants made in 2019 are settled in stock. Award funding can range from 0% to 200% of target levels, as shown in the table below:

Performance Level	ROIC	% of Target ROIC PRSUs Earned
Below Threshold	Below 11.9%	0%
Threshold	At 11.9%	50%
Target	At 14.0%	100%
Maximum	15.4% or greater	200%

For both RTSR PRSU and ROIC PRSU awards, funding levels for results in between designated performance levels will be determined using straight-line mathematical interpolation. The actual value of these awards will be based on the number of shares earned, if any, and our corresponding stock price at the time of settlement. No dividends will be paid on any unearned PRSUs.

The table below shows the various equity grants in 2019 and their associated grant date fair values for the NEOs:

Name	2019 Equity Grants (# of shares)				2019 Equity Grants (Grant Date Fair Values)			
	SARs	RTSR PRSUs	ROIC PRSUs	RSUs	SARs	RTSR PRSUs	ROIC PRSUs	RSUs
Jugal K. Vijayvargiya	32,122	9,427	9,427	9,427	\$ 570,525	\$ 767,169	\$ 549,594	\$ 549,594
Joseph P. Kelley	8,981	2,636	2,636	5,271	159,513	214,518	153,679	307,299
Gregory R. Chemnitz	6,346	1,862	1,862	3,725	112,713	151,530	108,555	217,168
Totals	47,449	13,925	13,925	18,423	\$ 842,751	\$ 1,133,217	\$ 811,828	\$ 1,074,061

Grant date fair values shown above for SARs are based on the Company's fair value assumptions, as calculated using the Black-Scholes pricing model, which is used for accounting expense recognition purposes.

The Committee is solely responsible for granting equity awards. The awards traditionally are granted in late February or early March after the Company's annual earnings have been announced. Equity grants for 2019 were made to Messrs. Vijayvargiya, Kelley, and Chemnitz on February 22, 2019.

In 2007, the Committee adopted Stock Award Administrative Procedure Guidelines related to the various forms of equity grants designed to formalize the process of establishing the date of grant, grant prices at fair market value, and other administrative practices appropriate for equity grants to executives. To minimize the impact of daily stock price volatility, equity grant calculations are based on our average closing stock price for the last full month ending at least ten business days prior to the grant date. Equity grant levels shown above were based on our average closing stock price in January 2019 of \$46.41.

Under the terms of the LTI awards, our NEOs are required to forfeit outstanding awards and pay back any amounts realized from equity grants if they engage in activity deemed to be detrimental to the Company, as defined in the applicable equity award agreements. Any gains on equity grants are also subject to our clawback policy.

Grants Made in 2017 and Payout of 2017 PRSUs

Mr. Vijayvargiya's LTI program for 2017 had four components, each weighted equally in terms of target award value, including: (1) SARs that generally vested as to one-third on each of the first three anniversaries of the grant date; (2) time-based RSUs that generally vested as to one-third on each of the first three anniversaries of the grant date; (3) three-year performance-based PRSUs tied to RTSR; and (4) three-year performance-based PRSUs tied to average ROIC for 2017, 2018 and 2019.

The other NEOs had the same four components. The weighting of each component, as a percent of the total target award value was 20% SARs, 40% RSUs, 20% RTSR PRSUs and 20% ROIC PRSUs. The SARs, RSUs and PRSUs (RTSR & ROIC) generally vest over a three-year period contingent on the NEO still being employed and subject to accelerated vesting in certain circumstances as described below in “Potential Payments Upon Termination or Change in Control”.

The vesting periods for the SARs and time-based RSUs have been completed. The performance period for the PRSUs (RTSR and ROIC) ended on December 31, 2019. Award funding for RTSR PRSUs was based on our three-year TSR positioning relative to a peer group as follows: performance below the 25th percentile would fund 0% of the target award; performance at the 25th percentile would fund 50% of the target award; performance at the 50th percentile would fund 100% of the target award; and performance at or above the 80th percentile would fund 200% of the target award. Funding levels for results between the designated performance levels were determined using straight-line mathematical interpolation. Our three-year TSR positioning relative to our peer group for the 2017 RTSR PRSUs was at the 85th percentile of the peer group, resulting in an award payout equal to 200% of target award opportunity. Award funding for ROIC PRSUs ranged from 0% to 200% of target as follows: performance of 6.3% ROIC would fund 25% of the target award; performance of 7.8% ROIC would fund 100% of the target award; and performance at or above 9.3% ROIC would fund 200% of the target award. No PRSUs would be earned for performance below the threshold level of 6.0% ROIC. Funding levels for results in between designated performance levels were determined using straight-line mathematical interpolation. Our ROIC as measured by our average ROIC for 2017, 2018 and 2019 was 10.4% which exceeds maximum, resulting in an award payout equal to 200% for the 2017 ROIC PRSUs.

The Committee approved and recommended to the Board a sign-on bonus of \$1,400,000 to Mr. Vijayvargiya in conjunction with his total compensation package effective March 3, 2017 (employment date), as an inducement to join the company. The sign-on bonus vested one-third on the first anniversary of Mr. Vijayvargiya's employment date (March 3, 2018) and the remaining two-thirds vested on the second anniversary of his employment date (March 3, 2019).

Other Policies, Practices and Guidelines

Severance Agreements

Mr. Vijayvargiya is party to a Severance Agreement that provides 18 months of severance benefits in the event of an involuntary termination of employment by the Company, other than for cause or due to death or disability (or due to certain resignations as described in the Severance Agreement). Messrs. Kelley and Chemnitz are also parties to Severance Agreements that provide for severance benefits in other specified circumstances, as described below. These Severance Agreements were adopted to help retain top level executives.

The Severance Agreements provide Messrs. Vijayvargiya, Kelley and Chemnitz with benefits upon certain qualifying terminations of employment following a change in control. The triggering events for a change in control are described in the section entitled "Potential Payments Upon Termination or Change in Control" below and were designed to be competitive and reasonable based primarily on advice from legal counsel as well as the experience of our directors. If Messrs. Vijayvargiya and/or Kelley resign for "good reason" (as described in the Severance Agreement), or their employment is terminated by the Company for reasons other than for cause, in either case, during the two-year period following a change in control (or due to death or disability), they will generally receive two years of severance benefits. Under the same circumstances, Mr. Chemnitz will receive essentially three years of severance benefits. The severance benefits for Messrs. Vijayvargiya, Kelley and Chemnitz are described below under "Potential Payments Upon Termination or Change in Control".

None of the Severance Agreements provides for any excise tax "gross-up" provisions for the "parachute tax" under Code Section 280G. The Committee has confirmed its intent not to enter into any new Severance Agreements that include such a provision.

The Committee believes the Severance Agreements are an important part of the competitive executive compensation package because they help ensure the continuity and stability of executive management and provide protection to the NEOs. The Committee also believes the Severance Agreements reduce the NEOs' interest in working against a potential change in control and help to minimize interruptions in business operations by reducing any concerns they have of being terminated prematurely and without cause during an ownership transition. The Company benefits from these agreements in that in exchange for the protections offered, each NEO agrees to:

- Refrain from competing while employed and for two years after a termination of employment;
- Refrain from soliciting any employees, agents or consultants to terminate their relationship with us;
- Protect our confidential information; and
- Assign to the Company any intellectual property rights to any discoveries, inventions or improvements made while employed by us and within two years (one year for Mr. Chemnitz) after employment terminates.

Retirement Benefits

We provide retirement and deferred compensation benefits to our NEOs under certain Company plans and arrangements, including the:

- Materion Corporation Pension Plan (Pension Plan);
- Materion Corporation Supplemental Retirement Benefit Plan (SRBP);
- Materion Corporation Retirement Savings Plan (401(k) Plan); and
- Materion Corporation Restoration & Deferred Compensation Plan (RDCP).

Prior to 2011, we provided special awards under a plan (further described below in connection with the SRBP) that was designed to supplement the retirement benefits provided under the Pension Plan for participating NEOs. These special awards were eliminated at the end of 2010, with the SRBP assuming the same role beginning in 2011. The Committee believes each of these programs is necessary from a competitive viewpoint (because many companies with whom we compete for talent offer similar retirement benefits) and for retention purposes.

Pension Plan

The Pension Plan is a tax-qualified defined benefit pension plan that provides retirement compensation to approximately 43% of our U.S. employees. All of the NEOs participate in the Pension Plan, with the exception of Mr. Vijayvargiya, which was closed to new employees hired after May 25, 2012. Before June 1, 2005, the benefit formula under the Pension Plan was 50% of the final average earnings over the highest five consecutive years minus 50% of the annual Social Security benefit, with the result prorated for service of less than 35 years. Effective as of May 31, 2005, we froze the benefit under the prior formula for all employees. None of the participating NEOs earned a benefit under this formula.

Beginning June 1, 2005, the Pension Plan formula was reduced for all participants to 1% of each year's compensation, as defined in the Pension Plan. The retirement benefit for these individuals will be equal to the sum of the benefit earned as of May 31, 2005 and the benefit earned under the new formula for service after May 31, 2005. Because the amount of compensation that may be included in the formula for calculating pension benefits and the amount of benefit that may be accumulated in the Pension Plan are limited by the Code, the participating NEOs will not receive a Pension Plan benefit equal to 1% of their total pay.

In 2015, the Board amended the Pension Plan effective January 1, 2016, to allow participants to elect a lump sum payment, limited to \$100,000, following termination in lieu of a future annuity.

Effective December 31, 2019, we froze accruals under the Pension Plan for all employees and enhanced the 401(k) Plan for all participants to provide a matching contribution of \$1.00 for each dollar contributed up to 4% of compensation deferred by the participant and an annual non-elective contribution based on total cash compensation and the participant's age, both subject to applicable annual Code limitations.

The Code limitations associated with the Pension Plan are taken into account by the Committee in determining amounts intended to supplement retirement income for the participating NEOs, such as the SRBP and the RDCP described below. The benefit accumulated under the Pension Plan does not affect any other element of compensation for the participating NEOs, except to the extent it is included in the calculation of payments that may be paid upon a change in control or other potential severance payments, as described below in "Potential Payments Upon Termination or Change in Control".

SRBP

The Committee and the Board approved the SRBP and it became effective in September 2011. The SRBP is an unfunded, non-qualified deferred compensation plan that provides retirement benefits for a select group of management or highly compensated employees to supplement the pension benefits paid to them from the Pension Plan.

Through 2010, the Committee made special awards to participating NEOs to provide supplemental retirement compensation because of the limitations imposed under the Code, which place caps on the amount of eligible compensation used for purposes of determining benefit amounts under the Pension Plan. Special awards were current, taxable annual payments made to participating NEOs to take the place of a traditional supplemental executive retirement plan. The Committee elected to replace the special awards with the SRBP because the circumstances that gave rise to the special awards concept have changed and become more favorable to the use of a traditional supplemental executive retirement plan. 2019 participants in the SRBP include Mr. Chemnitz as well as other members of senior management who were participants in the SRBP before the Pension Plan was closed to new hires on May 25, 2012. Mr. Chemnitz was named as a participant in the SRBP in 2012, with all service included since his hire date in September 2007. Since

Mr. Chemnitz did not receive any special awards, his Offset Amount (as explained below) is zero. Messrs. Vijayvargiya and Kelley do not participate in the SRBP but receive retirement benefits due to Code limitations through the RDCP as described below.

Mr. Chemnitz's benefit under the SRBP will be the amount of his "Prevented Benefits" (as described below), reduced by his designated "Offset Amount" (in other words, the total amount that was paid to him in prior years as special award payments), as set forth in the SRBP. Mr. Chemnitz's interest in benefits payable under the SRBP will be vested and non-forfeitable to the same extent and in the same manner as benefits are vested and non-forfeitable under the Pension Plan. The benefits payable under the SRBP will be paid to Mr. Chemnitz in a single sum payment on or about the first day of the third month next following the date of his separation from service, or in certain cases as necessitated by Section 409A of the Code, the first business day of the month that is at least six months after his separation from service.

"Prevented Benefits" for purposes of the SRBP means the difference, expressed as a single sum, between the regular pension benefits payable to Mr. Chemnitz under the Pension Plan and the regular pension benefits that would be so payable to him under the Pension Plan if such benefits were determined based on the inclusion of any compensation that was deferred on an elective basis under any non-qualified deferred compensation plan or agreement with an employer and without regard to limitations on covered compensation and benefit amounts imposed by the Code and taking into account any special calculation provisions for him as set forth on Schedule I to the SRBP.

Consistent with the Pension Plan, effective December 31, 2019, we froze accruals under the SRBP for all participants. Effective January 1, 2020, Mr. Chemnitz became eligible to receive the annual non-elective contribution under the RDCP plan.

401(k) Plan

The 401(k) Plan is a tax-qualified defined contribution plan. All of the NEOs participate in this plan, which we offer as part of a competitive total compensation package. The 401(k) Plan provides the NEOs and all other eligible employees with the opportunity to defer eligible compensation (on a pre-tax basis) up to specified limits imposed by the Code. In 2019, we made a matching contribution to each participant of \$0.50 for each dollar contributed up to 2% and \$0.25 for each dollar contributed between 3% and 6% (up to a total match of 2%) of compensation deferred by the participant, subject to an annual Code limitation and also an annual non-elective Company contribution, also subject to an annual Code limitation, based on total cash compensation and the participant's age and years of service if the employee does not participate in the Pension Plan.

Effective January 1, 2020, for all 401(k) Plan participants, we make a matching contribution of \$1.00 for each dollar contributed up to 4% of compensation deferred by the participant and an annual non-elective contribution based on total cash compensation and the participant's age, both subject to applicable annual Code limitations.

RDCP

The RDCP, which is described below in the section entitled "2019 Non-qualified Deferred Compensation," provides an opportunity for the NEOs to defer a portion of their compensation and represents an element of what we consider a competitive total compensation package for the NEOs. In addition, for key executives compensated over the Code pay limit, including Messrs. Vijayvargiya and Kelley (and, commencing in 2020, Mr. Chemnitz), the RDCP provides retirement benefits due to Code limitations for non-SRBP participants.

Health and Welfare Benefits

The NEOs participate in group life, health and disability programs on the same terms as provided to all salaried employees.

Perquisites

Except for periodic executive physicals, which the Committee views as an element of a competitive total compensation package for the NEOs, no perquisites or personal benefits are provided to the NEOs.

Accounting and Tax Effects

Section 162(m) of the Code generally disallows a federal income tax deduction to public companies like Materion for compensation in excess of \$1 million paid to certain executive officers (and, beginning in 2018, certain former executive officers). Historically, compensation that qualifies as "performance-based compensation" under Section 162(m) of the Code could be excluded from this \$1 million limit, but this exception has now been repealed, effective for taxable years beginning after December 31, 2017, unless transition relief for certain compensation arrangements in place as of November 2, 2017 is available. In making its compensation decisions, the Committee retains the flexibility to award compensation that is consistent with our objectives and philosophy even if it does not qualify for a tax deduction. The Committee believes that the tax deduction limitation should not be permitted to compromise our ability to design and maintain executive compensation arrangements that will attract and retain the executive talent needed to compete successfully. Accordingly, achieving the desired flexibility in the design and delivery of compensation may result in compensation that in certain cases is not deductible for federal income tax purposes. Moreover, even if the Committee intended in

the past to grant compensation that could qualify as “performance-based compensation” for purposes of Section 162(m) of the Code, we cannot guarantee that such compensation will so qualify or ultimately is or will be deductible.

Stock Ownership Guidelines

In 2014, the Committee implemented mandatory stock ownership guidelines, which replaced our former share retention guidelines, for executive officers, including our NEOs. The stock ownership guidelines require our NEOs to own qualifying shares with targeted values equal to five times base salary for Mr. Vijayvargiya, three times base salary for Mr. Kelley, and one times base salary for Mr. Chemnitz. The Committee also implemented stock ownership guidelines for all non-employee directors, requiring them to own qualifying shares with targeted values equal to four times their cash compensation. These guidelines were established by the Committee to promote long-term stock ownership and further align executive and shareholder interests. Executives, including NEOs, and non-employee directors, have five years, from the time of first being subject to these guidelines, to achieve targeted ownership levels. The stock ownership guidelines for executive officers and non-employee directors are available under the "Corporate Governance" tab at <http://materion.com>.

Until guidelines are met, executive officers, including our NEOs and non-employee directors are subject to holding requirements as outlined below:

Position	Retention Ratio
Chief Executive Officer and Non-employee Directors	75% of net shares acquired under equity awards will be held until the applicable guideline has been achieved.
Other NEOs	50% of net shares acquired under equity awards will be held until the applicable guideline has been achieved.

Shares that count towards ownership requirements include common shares held directly or indirectly, shares in employee benefit plans, the after-tax value of unvested time-based RSUs, and the after-tax “in the money” value of vested but unexercised SARs. Unvested PRSUs and unvested SARs do not count toward ownership requirements. Qualifying shares are valued based on our average closing stock price for the last twenty trading days of each year. Once the required ownership level is met as of any annual measurement date, an executive is deemed to be in ongoing compliance with the guidelines as long as he or she continues to own at least the same number of qualifying shares as when the guideline was originally achieved. Ownership guidelines apply until the executive resigns or retires, except that the target ownership requirement is reduced by 10% per year over the five-year period starting upon the attainment of age 60, to allow for portfolio diversification. If an executive fails to achieve the guidelines within the designated five-year compliance period, the Committee has the discretion to take any action deemed appropriate. As of December 31, 2019, all NEOs met the ownership guidelines, all non-employee directors who have been directors for five years or more met the ownership guidelines and all non-employee directors who have been directors for at least one year own Company stock.

Anti-hedging/Pledging

Under our Insider Trading Policy, we prohibit executive officers, directors, and certain other key employees from purchasing any financial instrument or engaging in any other transaction, such as a prepaid variable forward contract, equity swap, collar or exchange fund, that is designed to hedge or offset any decrease in the market value of Company securities. The policy also prohibits insiders from holding Company securities in a margin account or pledging Company securities as collateral for a loan.

Clawback Policy

The Committee also elected to implement a formal clawback policy for the NEOs in advance of final regulations from the SEC or NYSE under the Dodd-Frank Act. This policy is in addition to the clawback provisions contained in our equity award agreements that require NEOs to forfeit outstanding awards and pay back any amounts from equity grants if they engage in activity deemed to be detrimental to the Company. The Committee elected to implement aspects of this policy because it believes a clawback policy represents an important protection for shareholders and is viewed favorably from a corporate governance standpoint. The clawback policy covers annual incentive awards, performance-based equity awards and any other incentive-based compensation paid to our executive officers, officers subject to Section 16 of the Exchange Act and our employees in salary grades A, B and C. In general, under this clawback policy, if we are required to prepare an accounting restatement due to material noncompliance with financial reporting requirements under federal securities laws, we will use all reasonable efforts to recover, from persons currently or formerly covered by the policy, excess incentive-based compensation to the extent that such persons, in our determination, willfully committed an act of fraud, dishonesty or recklessness that contributed to the noncompliance. For these purposes, excess incentive-based compensation means any incentive-based compensation paid or granted by us to such persons after 2010 in excess of what they should have been paid or granted had our financial statements been correct in the first place.

Compensation Policies and Practices - Risk Management

In setting compensation, the Committee considers the risks to Materion's shareholders and to the achievement of our goals that may be inherent in the compensation program. Although a significant portion of our executives' compensation is performance-based and "at-risk," we believe our executive and employee compensation plans, policies and programs, are appropriately structured and are not reasonably likely to result in a material adverse effect to the Company.

In its review, the Committee noted that:

- Incentive programs provide for balance in that performance measures and goals are tied to the Company's strategic objectives, achievable financial performance centered on the Company's expectations, relative performance against a peer group of companies and specific individual goals;
- A significant portion of variable compensation is delivered in equity (SARs, RSUs and PRSUs) with multi-year vesting. The Company believes that equity compensation helps reduce compensation risk by balancing financial or strategic goals against any other factors management may take into consideration to promote long-term shareholder value;
- Appropriately structured incentive plans and targets help ensure that management does not have any incentive to pursue short-term financial performance at the expense of long-term shareholder value;
- The Company adopted stock ownership guidelines, along with share retention requirements until guidelines are met, which guidelines replaced previous share retention guidelines, to encourage a focus on long-term growth rather than short-term gains; and
- The Company extended the scope of our clawback policy to recoup from culpable NEOs any gains that are later found to be based on erroneous financial statements.

In addition, during 2019, the Company, under the direction of outside advisors conducted a comprehensive incentive plan risk assessment. The results of this evaluation as reviewed by the Compensation Committee indicated that from a compensation risk perspective, there were no significant risk areas. The two incentive plans in which the NEOs participate (in other words, the MIP and LTIP) were considered "low risk" and well-aligned with sound compensation design principles that provide a balanced approach for delivering incentives at various levels of performance.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on our review and discussion with management, we have recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2019.

The foregoing report has been furnished by the Compensation Committee of the Board.

Darlene J. S. Solomon (Chairperson)
Vinod M. Khilnani
Emily M. Liggett
Patrick Prevost
Robert B. Toth

Notwithstanding anything to the contrary as set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, including this proxy statement, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings other than our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

2019 SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation of our Chief Executive Officer and our other NEOs who served during the fiscal year ended December 31, 2019:

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Option Awards (\$)(4)	Non-Equity Incentive Plan Compen- sation (\$)(5)	Change in Pension Value and Non- qualified Deferred Compen- sation Earnings (\$)(6)	All Other Compen- sation (\$)(7)	Total (\$)
Jugal K. Vijayvargiya	2019	734,615	933,333	1,866,357	570,525	892,350	—	85,520	5,082,700
President and Chief Executive Officer	2018	718,269	466,667	1,361,268	389,962	1,305,000	—	17,769	4,258,935
	2017	544,615	—	1,024,623	350,678	1,149,687	—	60,562	3,130,165
Joseph P. Kelley	2019	427,492	—	675,496	159,513	404,030	60,363	39,216	1,766,110
Vice President, Finance and Chief Financial Officer	2018	421,800	—	1,083,980	119,296	590,520	—	28,125	2,243,721
	2017	406,615	—	295,568	72,225	485,743	30,587	11,095	1,301,833
Gregory R. Chemnitz	2019	412,392	—	477,252	112,713	310,860	326,261	16,350	1,655,828
Vice President, General Counsel and Secretary	2018	407,700	—	378,780	84,281	456,625	76,715	15,838	1,419,939
	2017	404,765	—	248,406	60,702	416,647	145,981	4,648	1,281,149

- (1) For 2019, "Salary" includes deferred compensation under the 401(k) Plan in the amount of \$25,000 for Mr. Chemnitz, \$19,000 for Mr. Kelley, and \$22,400 for Mr. Vijayvargiya.
- (2) The amount reported in this column reflects two thirds of a sign-on bonus granted to Mr. Vijayvargiya at the time of his hire as an inducement to join the company, which portion vested in 2019 on the second anniversary of Mr. Vijayvargiya's hire.
- (3) The amounts reported in this column for 2019 reflect the aggregate grant date fair value as computed in accordance with FASB ASC Topic 718 for RSUs granted during 2019 to each NEO and, based on probable outcome, for the RTSR and ROIC PRSUs granted during 2019, that are within the scope of FASB ASC Topic 718. Assuming the highest level of achievement of the performance conditions to which the PRSUs are subject, the grant date fair value of the PRSUs paid in common stock would be: Mr. Vijayvargiya, \$1,866,357; Mr. Kelley, \$521,875; and Mr. Chemnitz, \$368,639. See the "2019 Grants of Plan-based Awards" table in this proxy statement for more information on awards made in 2019.
- (4) The amounts reported in this column for 2019 reflect the aggregate grant date fair value as computed in accordance with FASB ASC Topic 718 for SARs granted to each NEO during 2019. See Note P to the Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for the assumptions used in calculating the fair value. See the "2019 Grants of Plan-based Awards" table in this proxy statement for more information on awards made in 2019.
- (5) The amounts in this column for 2019 represent the payments made to the NEOs under the MIP.
- (6) The amounts in this column for 2019 represent the aggregate change in the actuarial present value of the accumulated benefit under the Pension Plan and SRBP as otherwise discussed in this proxy statement. There were no preferential or above market earnings during 2019 under the RDCP plan. The amounts for the change in the pension and SRBP values are as follows:

Name	Pension Plan	SRBP	Total
Jugal K. Vijayvargiya	\$ —	\$ —	\$ —
Joseph P. Kelley	60,363	—	60,363
Gregory R. Chemnitz	89,786	236,475	326,261

- (7) For Mr. Vijayvargiya, "All Other Compensation" for 2019 includes Company match in the 401(k) Plan, a one-time employer contribution to the 401(k) plan as part of the Company's transition payment provided to all participating employees as part of freezing the Pension Plan, group life insurance premiums, an employer contribution to the RDCP (\$55,753) and dividend equivalents on equity awards (\$21,229). For Mr. Chemnitz, "All Other Compensation" for 2019 consists of group life insurance premiums, the Company match in the 401(k) Plan, a one-time employer contribution to the 401(k) plan as part of the Company's transition payment provided to all participating employees as part of freezing the Pension Plan, the Company contribution to the Health Savings Account and dividend equivalents on equity awards. For Mr. Kelley, "All Other Compensation" for 2019 consists of group life insurance premiums, a one-time employer contribution to the 401(k)

plan as part of the Company's transition payment provided to all participating employees as part of freezing the Pension Plan, the Company match in the 401(k) Plan, the Company contribution to the Health Savings Account, an employer contribution to the RDCP (\$22,139) and dividend equivalents on equity awards.

2019 GRANTS OF PLAN-BASED AWARDS

Name	Type of Grant	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) (4)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Jugal K.	MIP		25,313	675,000	1,350,000	—	—	—	—	—	—	
Vijayvargiya	PRSU	2/22/2019	—	—	—	4,714	9,427	18,854	—	—	767,169	
	PRSU	2/22/2019	—	—	—	4,714	9,427	18,854	—	—	549,594	
	RSUs	2/22/2019	—	—	—	—	—	—	9,427	—	549,594	
	SARs	2/22/2019	—	—	—	—	—	—	—	32,122	570,525	
Joseph P. Kelley	MIP		11,461	305,620	611,240	—	—	—	—	—	—	
	PRSU	2/22/2019	—	—	—	1,318	2,636	5,272	—	—	214,518	
	PRSU	2/22/2019	—	—	—	1,318	2,636	5,272	—	—	153,679	
	RSUs	2/22/2019	—	—	—	—	—	—	5,271	—	307,299	
	SARs	2/22/2019	—	—	—	—	—	—	—	8,981	159,513	
Gregory R. Chemnitz	MIP		8,818	235,144	470,288	—	—	—	—	—	—	
	PRSU	2/22/2019	—	—	—	931	1,862	3,724	—	—	151,530	
	PRSU	2/22/2019	—	—	—	931	1,862	3,724	—	—	108,555	
	RSUs	2/22/2019	—	—	—	—	—	—	3,725	—	217,168	
	SARs	2/22/2019	—	—	—	—	—	—	—	6,346	112,713	

- (1) These columns show the RTSR and ROIC PRSUs that were granted in 2019. The first referenced award of PRSUs will be earned based on the degree of achievement of RTSR goals during the 2019-2021 performance period and the second referenced award of PRSUs will be earned based on the degree of achievement of ROIC goals during the 2019-2021 performance period. Any earned awards will be settled in common shares and will generally vest at the end of the 2019-2021 performance period provided these executives are continuously employed throughout the performance period, subject to accelerated vesting in certain circumstances as described below in "Potential Payments Upon Termination or Change in Control".
- (2) This column shows the time-based RSUs that were granted in 2019. These RSUs will generally vest three years from the date of grant, provided these executives are continuously employed three years from February 22, 2019, the date of grant, subject to accelerated vesting in certain circumstances as described below in "Potential Payments Upon Termination or Change in Control".
- (3) This column shows the SARs that were granted in 2019. These SARs generally vest and become exercisable in one-third amounts on each of the first three anniversary dates measured from February 22, 2019 provided these executives are continuously employed three years from the date of grant, subject to accelerated vesting in certain circumstances as described below in "Potential Payments Upon Termination or Change in Control".
- (4) The amounts reported in this column reflect the aggregate grant date fair value as computed in accordance with FASB ASC Topic 718 for SARs and RSUs, and the fair value is based on the probable outcome for PRSUs. See Note P to the Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for the assumptions used in calculating fair values.

Executive Employment Arrangements

None of the NEOs have an employment agreement. However, each NEO has a Severance Agreement that provides the executive with essentially two or three-year severance benefits upon termination, or a significant change in the duties of the executive as a result of a change in control as defined in the agreement, and, for Mr. Vijayvargiya, essentially 18 months of severance benefits in the event of certain involuntary terminations in the absence of a change in control. Discussion of the payouts provided for various termination situations is set forth in the section "Potential Payments Upon Termination or Change in Control" below.

Salaries and Non-equity Incentive Plan Compensation

For 2019, base salaries and annual incentives (including amounts deferred into the 401(k) Plan) as a percentage of total compensation shown in the "2019 Summary Compensation Table" were 32% for Mr. Vijayvargiya, 47% for Mr. Kelley and 44% for Mr. Chemnitz.

Stock and Option Awards

Stock and option awards under the 2006 Plan were made during 2019 in the form of SARs, RSUs and PRSUs. Descriptions of and the reason for these types of grants are included in the CD&A.

OUTSTANDING EQUITY AWARDS AT 2019 FISCAL YEAR-END

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (3)
Jugal K. Vijayvargiya	21,214	10,608	35.50	3/3/2024	—	—	—	—
	8,263	16,528	50.35	3/1/2025	—	—	—	—
	—	32,122	58.30	2/22/2026	—	—	—	—
	—	—	—	—	18,154	1,079,255	—	—
	—	—	—	—	—	—	34,392	2,044,604
	<u>29,477</u>	<u>59,258</u>						
Joseph P. Kelley	—	6,669	35.15	2/23/2024	—	—	—	—
	2,528	5,056	50.35	3/1/2025	—	—	—	—
	—	8,981	58.30	2/22/2026	—	—	—	—
	—	—	—	—	19,402	323,294	1,153,449	—
	—	—	—	—	—	—	14,884	884,854
	<u>2,528</u>	<u>20,706</u>						
Gregory R. Chemnitz	—	5,605	35.15	2/23/2024	—	—	—	—
	1,786	3,572	50.35	3/1/2025	—	—	—	—
	—	6,346	58.30	2/22/2026	—	—	—	—
	—	—	—	—	10,884	647,054	—	—
	—	—	—	—	—	—	7,082	421,025
	<u>1,786</u>	<u>15,523</u>						

(1) These amounts represent (from top to bottom for each NEO) the SARs that were granted on March 3, 2017 (generally vest one-third on each anniversary of the grant date), March 1, 2018 (generally vest one-third on each anniversary of the grant date) and February 22, 2019 (generally vest one-third on each anniversary of the grant date) for Mr. Vijayvargiya and February 23, 2017 (generally vest, in full, three years from the date of grant), March 1, 2018 (generally vest one-third on each anniversary of the grant date) and February 22, 2019 (generally vest one-third on each anniversary of the grant date) respectively, for Messrs. Kelley and Chemnitz. The SARs were granted seven years prior to their expiration date.

(2) Time-based RSUs generally vest three years from the date of grant for Messrs. Vijayvargiya, Kelley and Chemnitz and are subject to forfeiture if these executives are not continuously employed for a three-year period from the date of grant, subject to accelerated vesting in certain circumstances as described below in “Potential Payments Upon Termination or Change in Control”. However, for Mr. Vijayvargiya's RSU grants, made in 2017 and 2018, vesting will occur one-third on each anniversary of the grant date. Time-based RSUs were granted to Messrs. Vijayvargiya, Kelley and Chemnitz in 2017, 2018 and 2019 as follows:

Name	2/23/17 Grant (#)	3/3/17 Grant (#)	3/1/18 Grant (#)	2/22/19 Grant (#)
Jugal K. Vijayvargiya	—	10,641	7,769	9,427
Joseph P. Kelley	4,521	—	9,610	5,271
Gregory R. Chemnitz	3,800	—	3,359	3,725

(3) The market value of shares shown above were based on the December 31, 2019 closing stock price of \$59.45.

- (4) PRSUs were granted to Mr. Vijayvargiya on March 3, 2017, March 1, 2018 and February 22, 2019 and Messrs. Kelley and Chemnitz on February 23, 2017, March 1, 2018 and February 22, 2019, respectively. The RTSR PRSUs will be earned based on our RTSR performance over three years versus industry peers and the ROIC PRSUs will be earned based on our ROIC performance over three years. PRSU grants made prior to 2018 will be settled in shares for performance up to target levels and in cash for performance above target levels. PRSU grants made in 2018 and thereafter will be entirely settled in shares.

2019 OPTION EXERCISES AND STOCK VESTED

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Jugal K. Vijayvargiya	—	—	6,136	359,201
Joseph P. Kelley	14,850	574,101	9,058	533,282
Gregory R. Chemnitz	14,130	467,844	8,116	477,533

2019 PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Jugal K. Vijayvargiya	Materion Corporation Pension Plan	—	—	—
	Materion Corporation Supplemental Retirement Benefit Plan	—	—	—
Joseph P. Kelley	Materion Corporation Pension Plan	8	170,538	—
	Materion Corporation Supplemental Retirement Benefit Plan	—	—	—
Gregory R. Chemnitz	Materion Corporation Pension Plan	12	407,018	—
	Materion Corporation Supplemental Retirement Benefit Plan	12	637,739	—

Assumptions:

- Measurement Date: December 31, 2019
- Interest Rate for Present Value: 3.48% for Pension Plan and 3.21% for Supplemental Retirement Benefit Plan (SRBP)
- Mortality (Pre-commencement): None
- Mortality Pension Plan (Post-commencement): PRI-2012 Annuitant Mortality Table for males projected generationally using Scale MP-2019 starting from 2012 (the base year of the PRI-2012 study)
- Mortality SRBP (Post-commencement): The table prescribed by the IRS for plan years beginning in 2020, projected to future years by a modified scale MP-2019, adjusted for consistency with the IRS static projection
- Withdrawal and disability rates: None
- Retirement rates: None prior to age 65
- Normal Retirement Age: Age 65
- Accumulated benefit is calculated based on credited service at the end of 2019
- All results shown are estimates only; actual benefits will be based on data, pay and service at time of retirement

The Pension Plan (qualified pension plan) is a defined benefit plan under which Messrs. Kelley and Chemnitz accrued benefits through December 31, 2019.

Beginning June 1, 2005, the qualified pension plan formula was changed to 1% of each year's earnings. Messrs. Kelley and Chemnitz were hired on December 29, 2011 and September 17, 2007, respectively. Their retirement benefits will be equal to 1% of each year's earnings. Effective as of the close of business on May 25, 2012, the qualified pension plan was closed to new entrants. Mr. Vijayvargiya does not participate in the qualified pension plan. Effective December 31, 2019, all accruals were frozen under the qualified pension plan.

The "2019 Pension Benefits" table shows for Messrs. Kelley and Chemnitz the number of years of credited service, present value of accumulated benefit and payments during the last fiscal year under the qualified pension plan. We do not sponsor any other

qualified defined benefit plan that provides benefits to Messrs. Kelley or Chemnitz. We also sponsor a non-qualified defined benefit plan that provides benefits to Mr. Chemnitz. See the section entitled “Supplemental Retirement Benefit Plan (SRBP)” for more information. Messrs. Kelley and Vijayvargiya do not participate in the SRBP.

The “Present Value of Accumulated Benefit” is the lump-sum value as of December 31, 2019 of the annual pension benefit that was earned as of December 31, 2019 that would be payable under the qualified pension plan for Messrs. Kelley and Chemnitz for life beginning at their normal retirement age. The normal retirement age is defined as age 65 in the qualified pension plan. Certain assumptions were used to determine the lump-sum value and to determine the annual pension that is payable beginning at normal retirement age. Those assumptions are described immediately following the “2019 Pension Benefits” table.

If the participant terminates employment before completing ten years of service, the annuity may not commence prior to age 65. If the participant terminates employment after completing ten years of service, the annuity may commence as early as age 55 and is reduced 6.67% per year between ages 60 and 65 and 3.33% per year between ages 55 and 60 based on the participant’s age at commencement, if the benefit commences prior to normal retirement age. An unreduced benefit is available commencing at age 62 for those participants who terminate after age 55 with at least 30 years of service. At year-end 2019, Mr. Chemnitz had attained early retirement eligibility but Mr. Kelley had not. Neither of the participating NEOs may become eligible to commence their benefit on an unreduced basis prior to age 65.

Benefits provided under the qualified pension plan are based on compensation up to a compensation limit under the Code (which was \$280,000 in 2019). In addition, benefits provided under the qualified pension plan may not exceed a benefit limit under the Code (which was \$225,000 payable as a single life annuity beginning at normal retirement age in 2019).

Compensation is generally equal to the total amount that is included in income (such as regular base salary, incentive compensation under any form of incentive compensation plan, sales commissions and performance-restricted shares of stock at the time these shares are included in the participant’s gross income for Federal income tax purposes), plus salary reduction amounts under sections 125 and 401(k) of the Code. The annual salary and bonus for the current year for Messrs. Kelley and Chemnitz is indicated in the “2019 Summary Compensation Table.” Each year’s compensation for the qualified pension plan is limited by the compensation limits under the Code.

A participant’s years of credited service are based on the years an employee participates in the qualified pension plan. The years of credited service for Messrs. Kelley and Chemnitz are based on their service while eligible for participation in the qualified pension plan.

Messrs. Kelley and Chemnitz are eligible only to have their benefits payable in the form of an annuity with monthly benefit payments.

The qualified pension plan was designed to provide tax-qualified pension benefits for some of our employees. Benefits under the qualified pension plan are funded by an irrevocable tax-exempt trust. An executive’s benefits under the qualified pension plan are payable from the assets held by the tax-exempt trust.

Supplemental Retirement Benefit Plan (SRBP)

Adopted effective September 13, 2011, the SRBP is an unfunded, non-qualified deferred compensation plan that provides benefits for a select group of management or highly compensated employees named in the SRBP document in order to supplement the pension benefits paid to them from the Pension Plan.

Messrs. Kelley and Vijayvargiya do not participate in the SRBP. Mr. Chemnitz’s benefit under the SRBP will be the amount of his “Prevented Benefits” (as described below) as set forth in the SRBP. Mr. Chemnitz was named as a participant in the SRBP effective December 2012 with all service included since his hire date in September 2007. A participant’s interest in benefits payable under the SRBP will be vested and non-forfeitable to the same extent and in the same manner as benefits are vested and non-forfeitable under the Pension Plan. The benefits payable under the SRBP will be paid to a participant in a single sum payment on or about the first day of the third month (or, in certain cases as necessitated by tax law provisions, the sixth month) following the date of his separation from service.

“Prevented Benefits” for purposes of the SRBP means the difference, expressed as a single sum, between the regular pension benefits payable to a participant under the Pension Plan and the regular pension benefits that would be so payable to the participant under the Pension Plan if such benefits were determined including any compensation that was deferred on an elective basis under any non-qualified deferred compensation plan or agreement with a participant and without regard to limitations on covered compensation and benefit amounts imposed by the Code.

Effective December 31, 2019, all accruals were frozen under the SRBP. Effective January 1, 2020, Mr. Chemnitz became eligible to receive the annual non-elective contribution under the RDCP plan.

We are under no obligation to set aside funds specifically designated to pay these supplemental amounts and are not presently maintaining any kind of trust for this purpose.

2019 NON-QUALIFIED DEFERRED COMPENSATION

We maintain one non-qualified deferred compensation arrangement for executives, the Materion Corporation Restoration & Deferred Compensation Plan (RDCP). The primary purpose of this plan is to provide benefits in the event a participant's compensation exceeds the amount of compensation that may be taken into account for deferring income and matching contributions under the 401(k) Plan, and in the case of employees not in the Pension Plan, a Company contribution based on annual compensation over the Code limit and the participant's age and service.

Materion Corporation Restoration & Deferred Compensation Plan

The RDCP provides executives an opportunity to make deferral elections generally not permitted under the 401(k) Plan. Code Section 401(a)(17) limits the amount of compensation that may be taken into account for deferrals under the 401(k) Plan. For 2019, that limit was \$280,000. As of the effective date, selected executives may elect each year to defer all or any portion of the sum of his or her MIP payouts, payable in cash for that year, plus up to 50% of his or her base salary.

The compensation deferrals credited to each executive are credited with earnings at a rate equal to the return on hypothetical investments selected by the executive from a list of mutual funds identified by the Compensation Committee. Investment selection is intended to be the same or similar to that offered under the 401(k) Plan, but this is not required. The executive's investment selection is used only to determine earnings credits on the compensation deferrals under the RDCP. We are not obligated to invest any funds in the mutual funds selected by the executive. Earnings returns will change from year to year.

In addition, the RDCP provides retirement benefits of the 401(k) Plan that are limited under the Code for selected executives, including Messrs. Vijayvargiya and Kelley (and, beginning in 2020, Mr. Chemnitz), based on the total cash compensation and the participant's age and years of service. The RDCP is unfunded. Deferred compensation credits and related earnings credits for each executive are maintained in a book reserve account. We are under no obligation to set aside funds specifically designated to pay these deferred income amounts. However, we maintain a trust, as part of the general assets of the Company, intended to pay these deferred income amounts, unless we become insolvent. In that case, the assets in the trust would be available to satisfy creditors of the Company, just as any other general assets of the Company, before the deferred income amounts would be paid. In other words, each executive participating in the RDCP is an unsecured general creditor of the Company with respect to the payment of his or her RDCP benefits.

The table below shows 2019 activity in the NEOs' RDCP accounts. Activity includes deferrals to the RDCP of executive contributions, earnings credited to the RDCP and the aggregate balance of the NEOs' RDCP accounts, if applicable, as of December 31, 2019.

Name	Plan	Executive Contributions in Last FY (\$ (1))	Registrant Contributions in Last FY (\$ (2))	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/Distributions (\$)(3)	Aggregate Balance at Last FYE (\$ (4))
Jugal K. Vijayvargiya	RDCP	142,773	55,753	46,549	—	290,704
Joseph P. Kelley	RDCP	—	22,139	12,899	—	60,838
Gregory R. Chemnitz	RDCP	82,778	—	127,744	—	596,661

(1) The amount in this column is also included in the "Salary" column of the "2019 Summary Compensation Table".

(2) The amount in this column is also included in the "All Other Compensation" column of the "2019 Summary Compensation Table".

(3) None of the amounts in this column were included in the "2019 Summary Compensation Table".

(4) Of these amounts, \$23,681 for Mr. Kelley and \$188,917 for Mr. Chemnitz were reported in prior year's Summary Compensation Tables.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

We have entered into Severance Agreements with the NEOs to help ensure the continuity and stability of our senior management. The other incentive arrangements we maintain also provide for payments to be made to the NEOs upon certain terminations of employment.

Severance Agreements

Basic Severance Benefits. The Severance Agreement with Mr. Vijayvargiya provides that if his employment is terminated by the Company or one of its affiliates, except for cause (or death or disability), or if he resigns as a result of good reason (as described in the Severance Agreement), he will be entitled to severance benefits. Severance benefits include rights to:

- a lump-sum payment of 150% of his highest annual salary (for any period prior to the termination date) and his three-year average annual cash incentive compensation (but if the termination occurs prior to the end of the third fiscal year following the date of the Severance Agreement, at the target level);
- the continuation of medical and life insurance benefits for up to 18 months; and
- reasonable fees for outplacement services, up to a maximum of \$20,000.

In addition, all RSUs vest at 100% levels, all PRSUs vest on a pro-rated basis depending on actual performance, and all SARs become fully exercisable, if the severance benefits are applicable. Messrs. Kelley and Chemnitz do not participate in these basic severance benefits.

Change in Control Severance Benefits. In the event of a “change in control” of the Company, as defined in these Severance Agreements, and if the executive’s employment is terminated by us or one of our affiliates except for cause (or death or disability), or (in the case of Mr. Chemnitz) he resigns within one month after the first anniversary of the change in control for any reason, or he resigns within two years (three years for Mr. Chemnitz) of the change in control for good reason (as described in the Severance Agreement) Messrs. Vijayvargiya and Kelley are entitled to receive similar severance benefits to those described above based on a two-year period with the annual incentive amount based on the higher of (1) the target for the year of termination or (2) the average for the three prior years. Mr. Chemnitz is entitled to severance benefits, based on a three-year period rather than a two-year period, with the annual incentive amount based on the higher of (1) the target for the year in which the change in control occurs or (2) the highest amount earned after the change in control or in the three years preceding the year of the change in control. The Severance Agreements also provide that, in the event of a change in control, the Company will pay the executive a lump sum amount equal to the pro-rata target value of any MIP award for the performance period in which the change in control occurs, disregarding applicable vesting requirements. The acceleration of outstanding long-term equity and equity-based awards will be subject under the terms of the applicable award agreements to “double trigger” vesting. A termination or demotion following the commencement of discussions with a third party which ultimately results in a change in control will also activate the change in control benefits. Payment of the change in control benefits under the Severance Agreements is subject to a reduction in order to avoid the application of the excise tax on “excess parachute payments” under the Code, but only if the reduction would increase the net after tax amount received by the executive. In addition, we must secure payment of the change in control benefits under the Severance Agreements through a trust that is to be funded upon the change in control, and, for Mr. Chemnitz, amounts due but not timely paid earn interest at the prime rate plus 4%. The prime rate is defined as the prime interest rate from The Wall Street Journal. We must pay attorneys’ fees and expenses incurred by an executive in enforcing his right to change in control benefits under his Severance Agreement.

Nonsolicitation and Noncompetition Provisions. Under the Severance Agreements, each NEO generally agrees not to solicit any of our employees, agents or consultants to terminate their relationship with us, to protect our confidential business information and not to compete with us during employment and generally for a period of (1) two years (one year for Mr. Chemnitz) following termination of the NEO’s employment by us or one of our affiliates, or (2) one year following a termination of employment for any other reason. Each executive also assigns to us any intellectual property rights he may otherwise have to any discoveries, inventions or improvements made while in our employ or within two years (one year for Mr. Chemnitz) thereafter.

Amounts Payable Under Severance Agreements. The following table sets forth the amounts payable under the Severance Agreements assuming a termination without cause or a termination for good reason occurring on December 31, 2019. Note that this table does not include any benefits payable to the NEOs under our retirement plan(s), or any payout to the NEOs under the RDCP. For more information about these benefits, see the “2019 Pension Benefits” and the “2019 Non-qualified Deferred Compensation” table and related narratives above. Additional information about the amounts payable to the NEO in the event of retirement, death or permanent disability is presented separately after the table.

	Jugal K. Vijayvargiya		Joseph P. Kelley		Gregory R. Chemnitz	
	Involuntary Not For Cause Termination or Qualifying Resignation (\$)	Involuntary or Good Reason Termination after a Change in Control (\$)	Involuntary Not For Cause Termination (\$)	Involuntary or Good Reason Termination after a Change in Control (\$)	Involuntary Not For Cause Termination (\$)	Involuntary or Good Reason Termination after a Change in Control (\$)
Base Salary/Annual Bonus	2,137,500	2,850,000	N/A	1,724,591	N/A	2,629,575
Welfare Benefits	25,022	33,362	N/A	33,362	N/A	37,675
Additional Benefits Under Retirement Plans	N/A	N/A	N/A	—	N/A	114,960
Outplacement Services	20,000	20,000	N/A	20,000	N/A	20,000
Annual MIP (1)	N/A	675,000	N/A	305,620	N/A	235,144
SARs Accelerated Vesting	441,407	441,407	N/A	218,394	N/A	176,005
RSUs/PRsUs Accelerated Vesting (2)	3,123,860	3,123,860	N/A	2,038,303	N/A	1,068,079
Total	5,747,789	7,143,629	N/A	4,340,270	N/A	4,281,438

- (1) The amount reported assumes that the Severance Agreements would provide each of the NEOs with an amount equal to the applicable target level without pro-ration, regardless of actual performance.
- (2) The amount reported assumes that (a) the 2017-2019 PRSUs have already been earned as of the termination date and (b) the amounts reported for the NEOs for accelerated vesting of RSUs and PRSUs for terminations in connection with a change in control reflect double trigger acceleration amounts and target performance for the 2018-2020 and 2019-2021 PRSUs.

Benefits Payable Upon Retirement, Death or Disability Under Incentive Plans

Annual Cash Incentive Plan

Management Incentive Plan (MIP). The NEOs are participants in our MIP, which provides for annual, lump-sum cash payments that are based on achieving pre-established financial objectives and qualitative performance factors. Generally, an executive must be employed on the day of payment in order to receive an award under the MIP. However, if an executive dies while employed by us or any subsidiary, or retires under one of our retirement plans during a plan year, the executive will receive an award pro-rated to the beginning of the month following the executive's termination date. In no event will a prorated MIP award be earned where the proration percent is one-third or less. Assuming that the MIP payouts would not be pro-rated in the event of a termination due to death or retirement occurring on December 31, 2019, the payout of 2019 MIP awards on such a termination (as applicable) would have been \$892,350, \$404,030 and \$310,860 for Messrs. Vijayvargiya, Kelley and Chemnitz, respectively.

2006 Stock Incentive Plan (As Amended and Restated as of May 3, 2017)

The Materion Corporation 2006 Stock Incentive Plan was Amended and Restated as of May 3, 2017 (2006 Plan). The 2006 Plan authorizes the Compensation Committee to provide equity-based compensation in the form of Performance Restricted Stock, Performance Shares, Performance Units, Restricted Stock, Option Rights, SARs, RSUs and PRSUs for the purpose of providing incentives and rewards for superior performance.

Restricted Stock Units (RSUs). Each of the NEOs has received grants of RSUs under the 2006 Plan. The RSU award agreements provide that all outstanding RSUs will immediately vest if the NEO dies or becomes permanently disabled while employed by the Company or any subsidiary during the applicable vesting period. RSU award agreements provide that the grants are forfeited if the NEO is not employed on the date of vesting, even if the NEO retires, unless otherwise determined by the Committee.

Assuming a termination of employment due to death, or permanent disability on December 31, 2019, the value of accelerated vesting of the RSUs would have been \$1,079,256, \$1,153,449 and \$647,054 for Messrs. Vijayvargiya, Kelley and Chemnitz, respectively.

Stock Appreciation Rights (SARs). Each of the NEOs has received grants of SARs under the 2006 Plan. The award agreements generally provide that SARs terminate 190 days after termination of employment, and vested SARs can be exercised during that period. However, the award agreements also provide that all SARs will immediately vest if the executive dies or becomes permanently disabled during the applicable vesting period while employed by the Company or any subsidiary; the vested SARs would then terminate one year after the termination of employment due to the NEO's death or disability (or until the expiration of the term of the SARs, if earlier). If the NEO retires (as described in the award agreement) during the applicable vesting period,

then the SARs will be forfeited if the executive is not employed on the date of vesting, pursuant to the award agreement, unless otherwise determined by the Committee.

Assuming a termination of employment due to death or permanent disability on December 31, 2019, the value of any accelerated or continued vesting of the SARs would have been \$441,407, \$218,394 and \$176,005 for each of Messrs. Vijayvargiya, Kelley and Chemnitz, respectively, at the closing price on December 31, 2019 of \$59.45.

Performance-based Restricted Stock Units (PRsUs). Under the 2006 Plan, Messrs. Vijayvargiya, Kelley, and Chemnitz received grants of PRsUs in 2017, 2018 and 2019. Generally, all or a percentage of the PRsUs become non-forfeitable and payable only if certain performance goals are met. However, the award agreements provide that 100% of the PRsUs will immediately become non-forfeitable and payable if the executive dies or becomes permanently disabled while employed by the Company or any subsidiary during the performance period. If the NEO retires (as described above) during the applicable performance period, then the PRsUs will continue to be eligible to become non-forfeitable and payable as if the NEO continued to be employed during the performance period. Assuming a termination of employment due to death or permanent disability on December 31, 2019, the value of the accelerated vesting of the PRsUs would have been \$2,044,604, \$884,854 and \$421,025 for Messrs. Vijayvargiya, Kelley, and Chemnitz, respectively. Assuming a termination of employment due to retirement on December 31, 2019, the value of continued non-forfeatability of the PRsUs would have been \$421,025 for Mr. Chemnitz.

Equity Compensation Plan Information

The table below sets forth information as of December 31, 2019:

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted-average Exercise Price of Outstanding Options, Warrants and Rights⁽³⁾</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans⁽⁴⁾</u>
Equity compensation plans approved by security holders:			
2006 Stock Incentive Plan ⁽¹⁾	628,565	\$ 44.95	1,103,707
2006 Non-employee Director Equity Plan ⁽²⁾	11,448	NA	108,716
Equity compensation plans not approved by security holders:			
None	—	—	—
Total	640,013	NA	1,212,423

NA = Not applicable because restricted stock unit awards do not have an exercise price.

(1) Consists of stock appreciation rights, restricted stock units, and performance-based restricted stock units awarded under our 2006 Stock Incentive Plan.

(2) Consists of restricted stock units awarded under our 2006 Non-employee Director Equity Plan.

(3) Represents the weighted-average exercise price of outstanding stock appreciation rights.

(4) Represents the number of shares of common stock available to be awarded as of December 31, 2019.

CEO Pay Ratio Disclosure

For 2019, the ratio of the annual total compensation of Mr. Vijayvargiya, our Chief Executive Officer (CEO Compensation), to the median of the annual total compensation of all of our employees and those of our consolidated subsidiaries (other than approximately 110 employees that were part of the acquisition of Heraeus' high-performance target materials business (HTB) that closed on February 28, 2017) (Median Annual Compensation) was 53 to 1. We note that, due to our permitted use of reasonable estimates and assumptions in preparing this pay ratio disclosure, the disclosure may involve a degree of imprecision, and thus this pay ratio disclosure is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions described below. In this summary, we refer to the employee who received the Median Annual Compensation as the "Median Employee." For purposes of this disclosure, the date used to identify the Median Employee was December 31, 2017 (the Determination Date). Because there have been no changes to our employee population or employee compensation arrangements that we reasonably believe would significantly affect our pay ratio disclosure, the same Median Employee was used for 2018 and 2019 in accordance with the applicable SEC rules.

For purposes of this pay ratio disclosure, CEO Compensation was \$5,082,700. CEO Compensation for purposes of this disclosure represents the total compensation reported for Mr. Vijayvargiya under “2019 Summary Compensation Table” for the 2019 fiscal year.

For purposes of this pay ratio disclosure, Median Annual Compensation was \$95,168, and was calculated by totaling for our Median Employee all applicable elements of compensation for the 2019 fiscal year in accordance with Item 402(c)(2)(x) of Regulation S-K. To identify the Median Employee, we measured the annualized compensation as of December 31, 2017 for 2,545 employees, representing all full-time, part-time, seasonal and temporary employees of us and our consolidated subsidiaries as of the Determination Date. This number does not include any independent contractors or “leased” workers, as permitted by the applicable SEC rules. This number also does not exclude any non-U.S. employees (although such exclusion may have been permitted under applicable SEC rules) and does not include any employees of businesses acquired by us or combined with us in 2017 as noted above. This compensation measurement was calculated by totaling, for each employee, taxable earnings for 2017. Specifically excluded from the calculation were relocation expenses and hiring bonuses. Further, we did not utilize any statistical sampling or cost-of-living adjustments for purposes of this pay ratio disclosure. A portion of our employee workforce (full-time and part-time) identified above worked for less than the full fiscal year due to commencing employment after January 1, 2017. In determining the Median Employee, we annualized the total compensation for such individuals (but avoided creating full-time equivalencies) based on reasonable assumptions and estimates relating to our employee compensation program, including incentive compensation plans.

2. RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Ernst & Young LLP (EY) as the independent registered public accounting firm for the year ending December 31, 2020 and presents this selection to the shareholders for ratification. EY will audit our consolidated financial statements for the year ending December 31, 2020 and perform other permissible, pre-approved services. Representatives of EY are expected to be present at the 2020 annual meeting. These representatives will have the opportunity to make a statement if they desire to do so and will respond to appropriate questions.

Pre-approval Policy for External Auditing Services

The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services expected to be performed by our independent registered public accounting firm, including the scope of and estimated fees for such services. Our independent registered public accounting firm, after consultation with management, will submit a budget, based on guidelines set forth in the policy, for the Audit Committee’s approval for its annual audit and associated quarterly reviews and procedures. Management, after consultation with our independent registered public accounting firm, will submit a budget, based on guidelines set forth in the policy, for the Audit Committee’s approval for audit-related, tax and other services to be provided by our independent registered public accounting firm for the upcoming fiscal year. The policy prohibits our independent registered public accounting firm from providing certain services described in the policy as prohibited services.

Fees for professional services provided by our independent registered public accounting firm in each of the last two fiscal years, in each of the following categories are as follows:

	<u>2019</u>	<u>2018</u>
Audit Fees	\$ 1,991,000	\$ 2,132,500
Audit-Related Fees	108,159	7,500
Tax Fees	690,000	568,000
Total	<u>\$ 2,789,159</u>	<u>\$ 2,708,000</u>

Audit Fees

Audit fees consist of fees billed for professional services rendered for the integrated audit of our consolidated financial statements and the effectiveness of internal control over financial reporting and review of the interim consolidated financial statements included in quarterly reports and audits in connection with statutory requirements.

Audit-related Fees

Audit-related services principally include work related to due diligence in 2019 and the audit of our employee savings plan during 2018.

Tax Fees

Tax fees include corporate tax compliance, tax advice and tax planning.

The approval of Proposal 2 requires the affirmative vote of a majority of the votes cast, in person or by proxy, on such proposal at the 2020 annual meeting.

The Board of Directors of Materion Corporation unanimously recommends a vote FOR Proposal 2 to ratify Ernst & Young LLP as the independent registered public accounting firm for the year 2020.

3. ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In this Proposal 3, pursuant to Section 14A of the Exchange Act, we are providing our shareholders the opportunity to cast an advisory (non-binding) vote on the compensation paid to the Company's named executive officers, as disclosed in the "Compensation Discussion and Analysis" and "Executive Compensation" above, pursuant to the compensation rules of the SEC. While this vote is advisory, and not binding on the Company, the Board values the opinions of our shareholders and the Compensation Committee expects to review the results of the vote and take them into consideration when making future decisions regarding executive compensation. Currently, advisory "Say-on-Pay" votes are scheduled to be held once every year, with the next "Say-on-Pay" vote to occur at our 2021 annual meeting of shareholders.

We are asking our shareholders to indicate their support for the compensation of our named executive officers as described in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation program and practices described in this proxy statement. Please read the Compensation Discussion and Analysis and the executive compensation tables and narrative disclosure for a detailed explanation of our executive compensation program and practices. Accordingly, we are asking our shareholders to vote "FOR" the following resolution:

"RESOLVED, that the compensation of the named executive officers of the Company as disclosed pursuant to the compensation rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby APPROVED."

The approval of Proposal 3 requires the affirmative vote of a majority of the votes cast, in person or by proxy, on such proposal at the 2020 annual meeting.

The Board of Directors of Materion Corporation unanimously recommends a vote FOR Proposal 3 relating to the advisory vote to approve named executive officer compensation.

SHAREHOLDER PROPOSALS

We must receive by November 30, 2020 any proposal of a shareholder intended to be presented at the 2021 annual meeting of Materion Corporation's shareholders and to be included in our proxy, notice of meeting and proxy statement related to the 2021 annual meeting pursuant to Rule 14a-8 under the Exchange Act. These proposals should be submitted by certified mail, return receipt requested. Proposals of shareholders submitted outside the processes of Rule 14a-8 under the Exchange Act in connection with the 2021 annual meeting must be received by us on or before the date determined in accordance with our code of regulations or they will be considered untimely under Rule 14a-4(c) of the Exchange Act. Under our code of regulations, proposals generally must be received by us no fewer than 60 and no more than 90 days before an annual meeting. However, if the date of a meeting is more than ten days from the anniversary of the previous year's meeting and we do not give notice of the meeting at least 75 days in advance, proposals must be received within ten days from the date of our notice. Our proxy related to the 2021 annual meeting of Materion Corporation's shareholders will give discretionary authority to the proxy holders to vote with respect to all proposals submitted outside the processes of Rule 14a-8 received by us after the date determined in accordance with our code of regulations.

*Important Notice Regarding the Availability of Proxy Materials for
the Annual Meeting of Shareholders to be held on May 16, 2020*

This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and our 2019 Annual Report, are available free of charge at <http://investor.shareholder.com/materion/annuals.cfm>.

OTHER MATTERS

We do not know of any matters to be brought before the meeting except as indicated in the notice. However, if any other matters properly come before the meeting for action of which we did not have notice prior to March 14, 2020 or that applicable laws otherwise permit proxies to vote on a discretionary basis, it is intended that the person authorized under solicited proxies may vote or act thereon in accordance with his or her own judgment.

By order of the Board of Directors,

MATERION CORPORATION

Gregory R. Chemnitz
Secretary

Mayfield Heights, Ohio
March 30, 2020

Materion Corporation
Reconciliation of Non-GAAP Financial Measures - Profitability
(Unaudited)

(millions)	2019	2018
Net Sales - GAAP	\$ 1,185.4	\$ 1,207.8
Less: pass-through metal costs	451.7	468.8
Value-added sales	\$ 733.7	\$ 739.0
Non-GAAP Financial Measures - Adjusted Profitability		
Operating profit - GAAP	\$ 67.0	\$ 61.5
External Reporting Special Items		
Impairment charges	14.1	—
Cost reduction initiatives	0.8	5.6
LIFO inventory adjustment	—	(1.9)
Acquisition costs	0.4	—
Legacy legal & environmental costs	0.1	0.8
External Reporting Adjusted Operating Profit	\$ 82.4	\$ 66.0
Incentive Compensation Special Items		
Pension transition costs	\$ 1.6	\$ —
Net disallowed special items	(0.8)	(4.2)
Operating Profit for Incentive Compensation	\$ 83.2	\$ 61.8
GAAP Net income	\$ 50.7	\$ 20.8
External Reporting Operating Profit Special Items - net of tax	12.7	4.7
Other Non-Operating Expense Special Items - net of tax	2.6	31.4
Tax Special Items	(0.1)	(7.9)
Adjusted Net Income	\$ 65.9	\$ 49.0
GAAP EPS - Diluted	\$ 2.45	\$ 1.01
Adjusted EPS - Diluted	\$ 3.19	\$ 2.38

The cost of gold, silver, platinum, palladium, and copper is passed through to customers and, therefore, the trends and comparisons of net sales are affected by movements in the market price of these metals. Internally, management also reviews net sales on a value-added basis. Value-added sales is a non-GAAP (generally accepted accounting principles) financial measure that deducts the value of the pass-through metals sold from net sales. Value-added sales allows management to assess the impact of differences in net sales between periods or segments and analyze the resulting margins and profitability without the distortion of the movements in pass-through metal prices. The dollar amount of gross margin and operating profit is not affected by the value-added sales calculation. The Company sells other metals and materials that are not considered direct pass throughs, and these costs are not deducted from net sales to calculate value-added sales.

The Company's pricing policy is to pass the cost of these metals on to customers in order to mitigate the impact of price volatility on the Company's results from operations. Value-added information is being presented since changes in metal prices may not directly impact profitability. It is the Company's intent to allow users of the financial statements to review sales with and without the impact of the pass-through metals.

In addition to presenting financial information prepared in accordance with U.S. generally accepted accounting principles (GAAP), this proxy statement contains financial measures, including operating profit, net income, and earnings per share, on a non-GAAP basis. As detailed in the above reconciliation, we have adjusted the results for certain special items such as non-cash impairment charges, cost reduction initiatives (i.e., severance), certain LIFO inventory adjustments, merger

and acquisition costs, legacy legal and environmental costs, non-cash pension charges, and certain discrete income tax items from the applicable GAAP financial measure. Internally, management reviews the results of operations without the impact of these costs in order to assess the profitability from ongoing activities. We are providing this information because we believe it will assist investors in analyzing our financial results and, when viewed in conjunction with the GAAP results, provide a more comprehensive understanding of the factors and trends affecting our operations.



MATERION CORPORATION
6070 PARKLAND BLVD.
MAYFIELD HEIGHTS, OH 44124

Investor Address Line 1
Investor Address Line 2
Investor Address Line 3
Investor Address Line 4
Investor Address Line 5
John Sample
1234 ANYWHERE STREET
ANY CITY, OH A1A 1A1

1 OF 2
1
2

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 06/12/2020 for shares held directly and by 11:59 P.M. ET on 06/16/2020 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-9903

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 06/12/2020 for shares held directly and by 11:59 P.M. ET on 06/16/2020 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

NAME

THE COMPANY NAME INC. - COMMON
THE COMPANY NAME INC. - CLASS A
THE COMPANY NAME INC. - CLASS B
THE COMPANY NAME INC. - CLASS C
THE COMPANY NAME INC. - CLASS D
THE COMPANY NAME INC. - CLASS E
THE COMPANY NAME INC. - CLASS F
THE COMPANY NAME INC. - 401 K

CONTROL # → 0000000000000000

SHARES 123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345

PAGE 1 OF 2

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:



KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR all the nominees in Proposal 1:

For All Withhold All For All Except

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

1. Election of Directors

Nominees

01) Vinod K. Khilnani 02) Emily M. Liggett 03) Robert J. Phillippy 04) Patrick Pravcet 05) N. Nohan Reddy
06) Craig S. Shular 07) Darlene J. S. Solomon 08) Robert B. Toth 09) Jugal K. Vijayvargitya

The Board of Directors recommends you vote FOR Proposals 2 and 3.

2. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company. For Against Abstain
3. To approve, by non-binding vote, named executive officer compensation. For Against Abstain

NOTE: THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

For address change/comments, mark here. (see reverse for instructions)

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Investor Address Line 1
Investor Address Line 2
Investor Address Line 3
Investor Address Line 4
Investor Address Line 5
John Sample
1234 ANYWHERE STREET
ANY CITY, OH A1A 1A1

Signature [PLEASE SIGN WITHIN BOX] Date

JOB #

Signature (Joint Owners) Date

SHARES
CUSIP #
SEQUENCE #



MATERION

000048759_1 R1.0.1.18

02 0000000000

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 13, 2020

9:00 a.m. (EDT)
Materion Corporation
6070 Parkland Blvd.
Mayfield Hts., Ohio 44124

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, 10-K Wrap is/are available at www.proxyvote.com.

MATERION CORPORATION
6070 Parkland Blvd
Mayfield Heights, OH 44124

This proxy is solicited by the Board of Directors for use at the Annual Meeting on May 13, 2020.

The shares of stock you hold in your account or in a dividend reinvestment account will be voted as you specify on the reverse side.

If no choice is specified, the proxy will be voted "FOR" all the nominees in Proposal 1 and "FOR" Proposals 2 and 3.

By signing the proxy, you revoke all prior proxies and appoint Jugal K. Vijayaraghya and Gregory R. Chernitz, and each of them with full power of substitution, to vote your shares on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and all adjournments.

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

000048759_2 R1.0.1.18