

IONICS, INCORPORATED

CORPORATE GOVERNANCE GUIDELINES

1. Composition of the Board; Board Operation

Size. The Board of Directors (the “Board”) of Ionics, Incorporated (the “Company”) believes that twelve is an appropriate number of Directors, but that a smaller or larger Board may be appropriate at any given time, depending on the circumstances.

Board Membership Criteria. Membership criteria shall be provided by the Nominating and Governance Committee of the Board. The criteria should take into consideration diversity, skills, experience and other relevant factors. At least a majority of the Board shall consist of independent directors, each of whom shall qualify as “independent” under the Corporate Governance Rules of the New York Stock Exchange, as they may be amended from time to time. The Board shall determine annually whether each director qualifies as “independent” under then-applicable rules.

Responsibilities of Directors. The business of a corporation is managed by its board of directors. In carrying out their responsibilities, directors have a duty of loyalty and a duty of care, both to the corporation and to its stockholders. The duty of loyalty obligates a director to give primacy to the interests of the corporation over the director’s own interests, including the obligation to avoid self-dealing at the corporation’s expense. The duty of care requires a director to exercise reasonable prudence and diligence in managing the corporation’s affairs.

In order for a director to fulfill his or her duties adequately, directors are expected to

- Make every effort to attend in person or participate in by telephone, meetings of the Board and of committees on which they serve
- Make every effort to attend in person the annual meeting of the Company’s stockholders
- Review in advance, with adequate preparation time, materials distributed to the Board by management or by the Board for consideration at the meeting
- Notify the Chairman (or in the absence of the Chairman, the Chair of the Corporate Nominating and Governance Committee) in the event of a personal interest in a matter to be considered by the Board
- Act diligently in providing the Company with materials, such as questionnaires and forms under Section 16 of the Securities and Exchange Act of 1934, required for the Company to comply with its responsibilities under federal securities laws

Change of Status of Director. The Board believes that an individual Director whose position of employment materially changes should inform the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee.. An individual director should also inform the Board of other existing Board relationships and upon joining the Board of Directors of any additional public company.

Term limits. The Board does not believe it should establish term limits.

Retirement. Directors will retire upon attaining age 75, unless the Board believes that this policy should be waived in any particular case because of special circumstances.

Board Agenda. The Chairman of the Board, with input from management and the Committee Chairs, sets the agenda for Board meetings with the understanding that certain items necessary for appropriate Board oversight, such as annual budgets and work plans, must appear periodically on the agenda. Board members may suggest that particular items be placed on the agenda.

Frequency of Meetings. The Board has four regularly scheduled meetings per year. In addition, special meetings may be called from time to time as determined by the needs of the business.

2. Selection of Chairman

The Board is free to make the selection in the manner and upon the criteria that the Board deems appropriate at the time of the selection.

3. Management Succession

The Nominating and Corporate Governance Committee shall recommend to the Board a process for CEO selection. The Nominating and Corporate Governance Committee will review its recommendations on an annual basis.

4. Director Compensation

The Nominating and Corporate Governance Committee shall establish and recommend to the Board the form and amount of director compensation, focusing on assuring the independence of directors, and shall consider whether director compensation as a whole is consistent with what is customary for companies of similar size, business, and other relevant factors.

5. Director Orientation and Continuing Education.

The Company encourages Directors to participate in continuing education programs for directors of public companies, in recognition of the increasing complex regulatory framework affecting the duties and responsibilities of directors. The Company has implemented an orientation process for new Directors that includes written materials covering the Company, its operations, and the policies and procedures of the Board.

6. Lead Director

The Board will designate a lead independent director, unless the Chairman of the Board is an independent director, in which event the Chairman of the Board will serve as the lead independent director. The lead independent director shall have such duties and responsibilities as are established from time to time by the Board.

7. Chairman of the Board

The Chairman of the Board shall have such duties and responsibilities as are established from time to time by the Board.

8. Committees

Number and Structure. The Board has four standing committees: Executive, Audit, Compensation, and Nominating and Corporate Governance. The Nominating and Corporate Governance Committee will review the committee structure at least annually and make recommendations for any changes to the committee structure to the full Board.

The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall consist solely of independent directors.

Assignment of Committee Members. The Board is responsible for making assignments of committee members. Consideration should be given to rotating committee members to different committee assignments after an appropriate interval, but the Board does not have a firm policy mandating rotation of committee assignments since special knowledge or experience may favor a particular Director serving for an extended period on one committee.

Frequency and Length of Committee Meetings. The Chairman of each committee, in consultation with committee members, will determine the frequency and length of committee meetings.

Committee Agenda. The Chairman of the committee, in consultation with appropriate members of management, will develop the committee's agenda. Each Board member may recommend agenda items for any committee meeting.

9. Executive Sessions of Independent Directors

The independent directors will meet in executive session at each regular quarterly meeting to consider such matters as they may deem appropriate.

10. Board Access to Management and Others

General. Board members have complete access to the Company's management. Board members will use judgment to assure that this contact is not distracting to the business operation of the Company, and that such contact, if in writing, be copied to the Chief Executive Officer.

Attendance of Non-Directors at Board Meetings. The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to:

(a) provide management insight into items being discussed by the Board which involve the manager;

(b) make presentations to the Board on matters which involve the manager; and

(c) bring managers with high potential into contact with the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Board Access to Independent Advisors. The Board shall have access to the Company's independent advisors whenever it deems such access to be advisable. The Board shall also have the authority to engage its own independent legal or other advisors as it deems necessary or appropriate to carry out its responsibilities, and to cause the Company to pay the compensation of such advisors.

11. Board Materials Distributed in Advance

Information and data is important to the Board's understanding of the business and is essential to prepare Board members for productive meetings. Presentation materials relevant to each meeting will be distributed in writing to the Board in advance of the meeting, unless doing so would compromise the confidentiality of competitive information. Under normal circumstances, materials should be delivered at least two days in advance of the meeting. In the event of a pressing need for the Board to meet on short notice, it is recognized that written materials may not be available in advance of the meeting. Management will make every effort to provide presentation materials that are brief and to the point, yet communicate the essential information.

12. Evaluation

Annual Self-Assessment. The Nominating and Corporate Governance Committee will sponsor an annual self-assessment of the Board's performance, the results of which will be discussed with the full Board. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company. The purpose of the review will be to improve the performance of the Board as a unit,

and not to target the performance of any individual Board member. The Nominating and Corporate Governance Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

Annual Evaluation of CEO. The independent directors shall participate, with the input of the Compensation Committee, in an annual evaluation of the Chief Executive Officer. The evaluation should be based on objective criteria, as determined from time to time by the independent directors.

13. Share Ownership of Directors

The Board believes that directors should be stockholders and have a financial stake in the Company. The Board has established a guideline, and not a binding directive, that each non-employee director shall acquire Company stock valued at three times the annual retainer fee (measured at the time(s) the investment is made) over approximately a three-year period.

14. Periodic Review

The Nominating and Corporate Governance Committee is responsible for periodically reviewing these principles, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

15. Stockholder Communications to the Board of Directors

The Board shall establish a process for the Company's stockholders to send communications to the Board. Such process shall be approved by a majority of the independent directors on the Board.