

<b>TIMELINESS</b> 3 Lowered 7/15/11	High: 9.3	4.7	4.9	6.6	11.1	10.9	14.5	18.5	24.1	16.5	24.3	30.0	Target Price Range 2014 2015 2016	
<b>SAFETY</b> 3 Raised 9/3/04	Low: 2.3	2.6	2.8	3.6	5.4	6.6	7.5	12.0	7.0	7.5	12.6	17.0		120
<b>TECHNICAL</b> 3 Lowered 8/19/11	<b>LEGENDS</b> --- 17.0 x "Cash Flow" p sh .... Relative Price Strength 2-for-1 split 9/00 2-for-1 split 3/05 2-for-1 split 6/11 Options: Yes Shaded areas indicate recessions													80
<b>BETA</b> 1.20 (1.00 = Market)	<b>2014-16 PROJECTIONS</b> Ann'l Total Price Gain Return High 45 (+130%) 24% Low 30 (+55%) 12%												64	
<b>Insider Decisions</b>	S O N D J F M A M to Buy 0 0 0 0 0 0 0 0 0 0 Options 1 0 1 2 0 1 0 1 0 to Sell 1 2 4 4 1 2 1 2 1												48	
<b>Institutional Decisions</b>	3Q2010 4Q2010 1Q2011 to Buy 54 71 68 to Sell 57 62 72 Hld's(000) 38382 39390 40156												32	
													24	
% TOT. RETURN 7/11 THIS STOCK VLARITH: INDEX 1 yr. 46.0 21.2 3 yr. 30.2 42.7 5 yr. 170.4 48.6													20	

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16	
.61	.75	.97	1.19	1.22	1.43	2.22	2.03	2.26	2.61	3.09	3.68	4.10	5.29	4.95	5.59	7.91	9.40	Revenues per sh <sup>A</sup>	12.60	
.10	.14	.18	.21	.20	.24	.33	.29	.37	.47	.60	.70	.85	1.09	.86	.97	1.73	1.95	"Cash Flow" per sh	2.55	
.06	.09	.14	.13	.11	.14	.17	.13	.20	.30	.42	.48	.63	.81	.59	.63	1.30	1.50	Earnings per sh <sup>A B</sup>	2.25	
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.05	.12	.14	.40	.11	.17	.30	.15	.12	.22	.28	.25	.31	.30	.26	.22	.38	.50	Cap'l Spending per sh	.65	
.37	.68	.78	.97	1.07	1.28	1.61	1.74	1.96	2.28	2.53	2.70	3.42	4.86	5.46	6.64	8.21	9.60	Book Value per sh	12.70	
45.36	50.65	54.42	51.60	50.73	51.63	55.65	56.13	56.80	57.81	62.70	63.26	64.18	59.76	59.07	61.76	63.60	65.00	Common Shs Outst'g <sup>C</sup>	69.00	
11.2	19.1	20.4	21.6	10.6	22.7	25.2	29.6	19.9	20.6	21.7	19.3	21.5	20.6	22.3	23.3	17.0		Avg Ann'l P/E Ratio	17.0	
.75	1.20	1.18	1.12	.60	1.48	1.29	1.62	1.13	1.09	1.16	1.04	1.14	1.24	1.49	1.49	1.04		Relative P/E Ratio	1.15	
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<b>CAPITAL STRUCTURE as of 6/30/11</b>																		123.3	113.7	128.2	150.8	194.0	232.5	263.2	316.2	292.2	345.1	502.8	610	Revenues (\$mill) <sup>A</sup>	870
Total Debt \$18.7 mill. Due in 5 Yrs \$3.6 mill.																		21.9%	17.7%	20.7%	22.8%	24.4%	23.4%	24.7%	24.4%	21.6%	21.1%	20.2%	21.0%	Operating Margin	22.5%
LT Debt \$15.0 mill. LT Interest \$1.0 mill.																		8.7	8.8	9.4	9.6	12.7	15.8	16.7	15.5	15.4	21.0	27.5	29.5	Depreciation (\$mill)	34.5
(Total int. coverage and LT int. earned: over 25x)																		9.5	7.3	11.6	17.3	24.8	28.4	38.0	49.3	35.3	38.6	82.7	97.5	Net Profit (\$mill)	140
(1% of Cap'l)																		34.8%	23.6%	27.6%	29.0%	26.8%	27.1%	23.9%	23.1%	23.8%	24.5%	18.4%	25.0%	Income Tax Rate	25.0%
<b>Leases, Uncapitalized:</b> Annual rentals \$4.5 mill.																		7.7%	6.4%	9.1%	11.5%	12.8%	12.2%	14.4%	15.6%	12.1%	11.2%	16.4%	16.0%	Net Profit Margin	16.0%
<b>No Defined Benefit Pension Plan</b>																		34.0	35.7	40.2	46.8	73.8	82.6	108.1	179.8	198.2	215.1	304.6	400	Working Cap'l (\$mill)	650
<b>Pfd Stock None.</b>																		33.2	29.4	16.8	8.0	41.2	23.6	14.9	3.8	3.7	3.4	15.0	15.0	Long-Term Debt (\$mill)	12.0
<b>Common Stock</b> 62,496,758 shs.																		89.4	97.7	111.5	131.9	158.9	170.6	219.4	290.1	322.4	410.4	522.4	625	Shr. Equity (\$mill)	875
<b>MARKET CAP: \$1.2 billion (Mid Cap)</b>																		8.7%	6.3%	9.3%	12.5%	12.6%	15.0%	16.4%	16.8%	10.8%	9.3%	15.5%	15.5%	Return on Total Cap'l	16.0%
<b>CURRENT POSITION</b> 2009 2010 6/30/11																		10.6%	7.4%	10.4%	13.1%	15.6%	16.7%	17.3%	17.0%	10.9%	9.4%	15.8%	15.5%	Return on Shr. Equity	16.0%
(\$MILL.)																		10.6%	7.4%	10.4%	13.1%	15.6%	16.7%	17.3%	17.0%	10.9%	9.4%	15.8%	15.5%	Retained to Com Eq	16.0%
Cash Assets	95.9	108.0	149.5	<b>BUSINESS:</b> II-VI (pronounced "two-six"), Inc. develops, manufactures, and markets high-technology materials for over 5,000 customers in a wide variety of commercial and defense applications. Products utilize advanced material growth technologies, coupled with proprietary high-precision fabrication, micro-assembly, and thin-film coating production processes. Plants in U.S., Singapore, China, Germany, and Vietnam. Company-funded R&D: 3.4% of 2010 sales. 2010 depr. rate: 6.1%. Has 6,869 employees. Foreign sales: 50% of total. Officers/directors own 18.8% of stock; Chairman Dr. C. Johnson, 13.3% (9/10 Proxy). President: F. Kramer, Inc.: PA. Addr.: 375 Saxonburg Blvd., Saxonburg, PA 16056. Tel.: 724-352-4455. Internet: www.ii-vi.com.																											
Receivables	43.1	78.6	90.6	<b>II-VI recently announced a 2-for-1 stock split.</b> This developer, manufacturer, and marketer of high-tech materials authorized the move on May 17th, and the split was implemented on June 3rd. The transaction doubled the number of shares to approximately 63 million, and our estimates have been adjusted to reflect the split.																											
Inventory (Avg Cst)	76.6	81.4	126.4	<b>The company performed dexterously throughout the fiscal year.</b> II-VI reported a 46% revenue advance, to a record of \$503 million, slightly ahead of our \$500 million estimate. Share earnings more than doubled, and were in line with our expectation of \$1.30. Bookings for the year increased significantly, by 34%, to an all-time high of \$520 million. Results were good across all segments, though the Near-Infrared Optics unit showed particular strength.																											
Other	14.7	20.3	29.0	<b>Fiscal 2012 is currently shaping up to be another good year for the company.</b> II-VI issued guidance for the current quarter and year. It expects September-period revenue to come in between \$136 million and \$142 million, and share earnings to be between \$0.30 and \$0.33. For the full year, II-VI projects revenue of \$595 million—\$615 million, and share profits to fall in the \$1.43 to \$1.52 range. We have updated our models, and now look for revenues of \$140 million and \$610 million, and share earnings of \$0.33 and \$1.50, for the September quarter and full year, respectively.																											
Current Assets	230.3	288.3	395.5	<b>We think longer-term prospects are bright, as well.</b> Despite uncertainty over future defense expenditures, II-VI is making moves to support continued growth. It has been on an acquisition binge lately, having purchased three companies over the last year, or so. In July, Aegis Lightwave, a privately held optical devices maker, was acquired for about \$52 million in cash. Given a strong balance sheet, we expect more acquisitions in the near term, which should help fuel long-term growth.																											
Accts Payable	5.5	21.3	25.1	<b>This neutrally ranked issue does not really stand out.</b> Despite our relatively rosy outlook, in addition to the stock's recent price slide, 3- to 5-year capital appreciation potential is only on par with the market average.																											
Debt Due	--	--	3.7	<i>Geoffrey C. Bell</i> August 26, 2011																											
Other	26.6	51.9	62.2																												
Current Liab.	32.1	73.2	91.0																												

<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '14-'16				10.6%	7.4%	10.4%	13.1%	15.6%	16.7%	17.3%	17.0%	10.9%	9.4%	15.8%	15.5%	All Div'ds to Net Prof	Nil
of change (per sh)				10.6%	7.4%	10.4%	13.1%	15.6%	16.7%	17.3%	17.0%	10.9%	9.4%	15.8%	15.5%	Nil	Nil
Revenues				15.0%	14.5%	11.5%											
"Cash Flow"				16.0%	15.0%	14.0%											
Earnings				18.5%	17.0%	17.5%											
Dividends				--	--	Nil											
Book Value				17.5%	20.0%	13.0%											

<b>Fiscal Year Ends</b>	<b>QUARTERLY REVENUES (\$ mill.) <sup>A</sup></b>				<b>Full Fiscal Year</b>
	Mar.30	Jun.30	Sep.30	Dec.31	
2008	72.7	70.7	81.0	91.8	316.2
2009	87.7	74.3	64.1	66.1	292.2
2010	65.5	68.9	97.5	113.2	345.1
2011	120.1	120.9	130.0	131.8	502.8
2012	140	150	157	163	610
<b>Fiscal Year Ends</b>	<b>EARNINGS PER SHARE <sup>A B</sup></b>				<b>Full Fiscal Year</b>
	Mar.30	Jun.30	Sep.30	Dec.31	
2008	.16	.18	.22	.25	.81
2009	.23	.14	.12	.11	.59
2010	.11	.10	.17	.26	.63
2011	.29	.30	.36	.34	1.30
2012	.33	.36	.39	.42	1.50
<b>Cal-endar</b>	<b>QUARTERLY DIVIDENDS PAID</b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2007					
2008					
2009					
2010					
2011					

**NO CASH DIVIDENDS BEING PAID**

(A) Fiscal year ends June 30th.	(B) Diluted earnings. Next earnings report due late October.	(C) In millions, adjusted for stock splits.	Company's Financial Strength	B+
			Stock's Price Stability	45
			Price Growth Persistence	100
			Earnings Predictability	55