



IPG Photonics Corporation Enters Emerging Middle-Infrared Laser Space with Acquisition of Photonics Innovations, Inc.

Middle-Infrared Capabilities Allow IPG to Target New Applications in Medical, Advanced Applications and Material Processing

Oxford, MA, January 26, 2010 -- IPG Photonics Corporation (NASDAQ: IPGP), the world leader in high-power fiber lasers and amplifiers, announced today the acquisition of the outstanding shares of privately-held, Birmingham, Alabama-based Photonics Innovations, Inc. (PII), a maker of active and passive laser materials and tunable lasers for scientific, biomedical, technological, and eyesafe range-finding applications. The acquisition allows IPG to expand its product offerings to the middle infrared (approximately 2 to 5 micron). PII's core capabilities include novel optical and laser materials fabrication, solid state and tunable laser design, and optical and sensing systems development. The acquisition is expected to have no material effect on IPG's financial results for the remainder of the year. Financial terms were not disclosed.

PII was established by researchers at The University of Alabama at Birmingham (UAB) to apply proprietary and patented optical materials, lasers, and spectroscopic technologies to the development and commercialization of state-of-the-art optical sensing instruments in rapid sensing, identification, and quantification of agents and materials. In addition to active and passive laser materials and tunable lasers, PII develops affordable and reliable middle-infrared microchip and external cavity broadly tunable light sources for scientific, sensing, medical and defense related applications. It also manufactures integrated state-of-the-art middle-infrared optical sensing instruments for rapid sensing, identification, and quantification of agents and materials.

"With the acquisition of Photonics Innovations, we plan to enhance IPG's product portfolio in middle-infrared spectral range – an exciting emerging market," said Dr. Valentin Gapontsev, IPG Photonics Chairman and CEO. "The combining of our state-of-the-art fiber laser technology with PII's proprietary transition metal doped ZnS and ZnSe based crystal laser materials has opened exciting opportunities to build new perfect hybrid laser sources in the range 2 to 5 um for various applications. Both companies have complementary expertise and a passion for technological innovations. We look forward to integrating our similar entrepreneurial cultures and further strengthening our leadership position in fiber lasers."

"We are delighted to join IPG Photonics," commented Dr. Sergey Mirov, President of Photonics Innovations, Inc. "As a result of this merger, the combined company now has significantly more resources and the ability to target many new applications in biomedical, sensing, instrumentations, advanced systems, and material processing. IPG is a natural strategic fit for PII and we believe this will benefit both companies' customers."

IPG Photonics and Photonics Innovations will be exhibiting at SPIE Photonics West booth #1107 on January 26-28, 2010 at the Moscone Center, San Francisco, California, USA.

About IPG Photonics Corporation

[IPG Photonics Corporation](#) is the world leader in high-power fiber lasers and amplifiers. Founded in 1990, IPG pioneered the development and commercialization of optical fiber-based lasers for use in a wide range of applications such as [materials processing](#), [advanced](#), [telecommunications](#) and [medical](#). Fiber lasers have revolutionized the industry by delivering superior performance, reliability and usability at a

lower total cost of ownership compared with conventional lasers, allowing end users to increase productivity and decrease operating costs. IPG has its headquarters in Oxford, MA with additional plants and offices throughout the world. For more information, please visit www.ipgphotonics.com.

About Photonics Innovations, Inc.

[Photonics Innovations, Inc](http://www.photonicsinnovations.com) (PII) was established in Birmingham, Alabama in 2007 as a focal point for applications of lasers, optics, sensing, engineering research, and product development. PII's mission is the application of recently developed revolutionary optical materials, lasers, and spectroscopic technologies to the development of state-of-the-art optical sensing instruments in rapid sensing, identification, and quantification of agents and materials. PII's Co-Founder and current President, Dr. Sergey Mirov, is also a professor of physics and Co-Director of the Center for Optical Sensors and Spectroscopies at UAB. PII's team is composed from academia and industry and brings a breadth of practical and theoretical experience from diverse areas such as laser systems, optical materials, spectroscopy, sensing, product design and fabrication. For more information, please visit www.photonicsinnovations.com.

Safe Harbor Statements

Information and statements provided by the Company and its employees, including statements in this press release, that relate to future plans, events or performance are forward-looking statements. These statements involve risks and uncertainties. Any statements in this press release that are not statements of historical fact are forward-looking statements, including, but not limited to, targeting new applications, enhancing IPG's product portfolio in middle-infrared fiber laser technology, strengthening our leadership position in the fiber laser market, the merger's benefits to customers. Factors that could cause actual results to differ materially include risks and uncertainties, including risks associated with the strength or weakness of the business conditions in industries and geographic markets that the Company serves, particularly the effect of economic downturns; reduction in customer capital expenditures; potential order cancellations and push-outs and financial and credit market issues; the Company's ability to penetrate new applications for fiber lasers and increase market share; the rate of acceptance and penetration of IPG's products; effective management of growth; level of fixed costs from its vertical integration; intellectual property infringement claims and litigation; interruption in supply of key components; manufacturing risks; inventory write-downs; foreign currency fluctuations; competitive factors, including declining average selling prices; building and expanding field service and support operations; uncertainties pertaining to customer orders; demand for products and services; development of markets for the Company's products and services; and other risks identified in the Company's SEC filings. Readers are encouraged to refer to the risk factors described in the Company's Annual Report on Form 10-K (filed with the SEC on March 12, 2009) and its periodic reports filed with the SEC, as applicable. Actual results, events and performance may differ materially. Readers are cautioned not to rely on the forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update the forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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