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Contract Expands IPG's Presence in Government Applications

OXFORD, Mass., Aug 27, 2007 (BUSINESS WIRE) --

IPG Photonics Corporation (NASDAQ: IPGP) today announced that it has been awarded a $3.8 million contract from the U.S. Navy to supply the Naval Warfare Surface Center with a 44 kilowatt fiber laser system.

The contract, representing the first large fiber laser system to the U.S. Navy, calls for the delivery of eight commercial 5.5 kilowatt fiber lasers from September to December 2007. IPG Photonics was selected after extensive market research by the U.S. Navy that determined that IPG was the only company that could produce the required output with the maximum allowable number of lasers for their requirements.

"This contract represents the success of our strategy to sell our fiber lasers into new applications and is an important step forward in expanding our government business," said Dr. Denis Gapontsev, Vice President of Research and Development at IPG Photonics. "We are pleased that the Navy has selected our robust and scalable high power fiber laser technology that is recognized in the industry for its proven reliability and superior performance."

The fiber lasers will be manufactured at IPG's facility in Oxford, Massachusetts.

About IPG Photonics Corporation

IPG Photonics is the leading global manufacturer of high-performance fiber lasers and amplifiers for diverse applications in numerous markets, such as materials processing, communications, medical, and scientific and research. Founded in 1990, IPG Photonics pioneered the development and commercialization of optical fiber-based lasers, a new generation of optical sources that combine the advantages of semiconductor diodes with the high amplification and precise beam qualities of specialty optical fibers. Fiber lasers deliver superior performance, reliability and usability at a lower total cost of ownership compared with conventional lasers, allowing end-users to increase productivity and lower operating costs. IPG has headquarters in Oxford, Massachusetts, and has additional plants and offices throughout the world. For more information, please visit www.ipgphotonics.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements represent IPG's current expectations and beliefs. The forward-looking statements, which include those relating to the delivery of the Company's fiber lasers to the U.S. Navy, the terms of the contract, and the Company's strategy to enter new applications, are subject to certain risks and uncertainties that could cause the actual results, performance or achievements to be materially different from those expressed, expected or implied by the forward-looking statements. These risks and uncertainties are described in IPG's filings with the Securities and Exchange Commission. IPG does not undertake to update forward-looking information contained herein or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information. You should not rely upon forward-looking statements as predictions of future events. IPG cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur, nor does the Company undertake any obligation to update any forward-looking statements for any reason after the date of this press release.

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