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OXFORD, Mass., Jun 09, 2008 (BUSINESS WIRE) -- IPG Photonics Corporation (Nasdaq: IPGP), the world leader in high-power fiber lasers and amplifiers, today announced that it has amended its existing unsecured revolving credit facility with Bank of America, N.A., increasing its available revolving credit to $35 million from $20 million and extending its maturity date to July 26, 2011 from June 20, 2010. The annual interest rate for revolving borrowings is unchanged at LIBOR plus 0.8% to 1.2%.

Funds from this new line of credit will be used to support IPG Photonics' global operations and for general corporate purposes. The amended credit facility also includes a $20 million term note, due July 26, 2013, secured by IPG's real property in Oxford, Massachusetts. The underlying interest rate on the term note was fixed using an interest rate swap resulting in an annual interest rate on the term note of 4.1% plus 0.8% to 1.2%.

Proceeds from the new term note were used to repay all of the outstanding principal and interest on IPG's previously unsecured subordinated promissory notes due December 2009. These subordinated notes bore interest at an annual rate of 7%. Interest would have increased to an annual rate of 10% in December 2008 until their maturity in December 2009. Prior to repayment, the holders of the subordinated notes agreed to reduce the principal amount of the subordinated notes to $19.5 million if they were repaid prior to June 30, 2008.

"This line of credit provides IPG Photonics with additional financial flexibility, substantially lowers our existing borrowing costs on our term debt and provides us with greater financial stability since we will no longer have to use internal cash sources to repay the unsecured subordinated promissory notes which were due in December 2009," said Tim Mammen, Chief Financial Officer of IPG Photonics.

About IPG Photonics Corporation

IPG Photonics 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 applications, telecommunications and medical applications. 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, Massachusetts, and has additional plants and offices throughout the world. For more information, please visit www.ipgphotonics.com.

Safe Harbor Statement

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, those relating to the Company's financial flexibility, cost of capital and ability to finance international operations. Factors that could cause actual results to differ materially include risks and uncertainties, including risks associated with 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, contract cancellations, manufacturing risks, 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 13, 2008) 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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SOURCE: IPG Photonics Corporation

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