



US Treasury Acknowledges that Valentin Gapontsev is not an Oligarch

Dr. Valentin Gapontsev and IPG settle litigation with US Treasury over Congressional Report

OXFORD, Mass. – September 11, 2019 - [IPG Photonics Corporation](#) (NASDAQ: IGP) today announced that the U.S. Treasury publicly acknowledged Dr. Valentin P. Gapontsev is not an oligarch in the Russian Federation for purposes of Section 241 of Countering America's Adversaries Through Sanctions Act (CAATSA). Litigation over his inclusion in the so-called oligarch report was resolved in consideration for the Treasury Department's official and public finding that Dr. Gapontsev is not an oligarch in the Russian Federation, and he would not be included in the report to Congress if it were compiled today.

Dr. Valentin P. Gapontsev, founder and CEO of IPG Photonics, a U.S.-based global leader in fiber laser technology, sued the U.S. Treasury in December 2018 over its report to Congress listing him as an oligarch of the Russian Federation under CAATSA. Dr. Gapontsev asserted that the U.S. Treasury had no basis in law or fact for including him in the report.

The letter, signed by Paul Ahern, Acting Principal Deputy Assistant Secretary of the U.S. Treasury, says "Treasury is of the opinion that, if it had to create the unclassified report today, Dr. Valentin Gapontsev would not be listed among oligarchs in the Russian Federation referred to in Section 241 of CAATSA based upon information it did not have when the report was submitted to Congress." The letter also states "[a]ny reference to Dr. Valentin Gapontsev in the unclassified 2018 report does not reflect any judgment of the Treasury Department regarding compliance with U.S. law." The Treasury published the letter on its website at <https://home.treasury.gov/system/files/136/Letter-09-11-2019.pdf>.

"Ever since the Treasury Department issued the 2018 CAATSA report to Congress, we have asserted that it was wrong in declaring Dr. Gapontsev to be a Russian oligarch. We are pleased that the Treasury has finally admitted this much in its letter," said Angelo Lopresti, IPG Photonics' General Counsel. He continued, "During a court hearing, the U.S. Government conceded that the U.S. Treasury based its unclassified CAATSA oligarch report entirely on a list taken from a 2017 Forbes Magazine article. Dr. Gapontsev, a U.S. citizen, is a world-renowned scientist and entrepreneur who created thousands of U.S. jobs as he commercialized fiber laser technology."

On January 29, 2018, the U.S. Treasury Secretary designated 96 individuals as "oligarchs in the Russian Federation" pursuant to Section 241 of the CAATSA, including Dr. Valentin Gapontsev. IPG Photonics, headquartered in Massachusetts, is the world leader in fiber laser technology, with more than 4,000 customers, 25 facilities and 6,000 employees worldwide.

Dr. Gapontsev asserted in the litigation that his wealth stems entirely from successfully growing IPG Photonics and his fiber laser innovations over the last three decades, not from any connections with the Russian government.

About IPG Photonics Corporation

IPG Photonics Corporation is the leader in high-power fiber lasers and amplifiers used primarily in materials processing and other diverse applications. The company's mission is to make its fiber laser technology the tool of choice in mass production. IPG accomplishes this mission by delivering superior performance, reliability and usability at a lower total cost of ownership compared with other types of lasers and non-laser tools, allowing end users to increase productivity and decrease costs. A member of the S&P 500® Index, IPG is headquartered in Oxford, Massachusetts and has more than 25 facilities worldwide. For more information, visit www.ipgphotonics.com.

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

SEP 11 2019

Dr. Valentin P. Gapontsev
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Dear Dr. Gapontsev and IPG Photonics Corporation:

The following concerns the Secretary of the Treasury's unclassified report to Congress on January 29, 2018, pursuant to Section 241 of the Countering America's Adversaries Through Sanctions Act ("CAATSA"), Pub. L. No. 115-44, 131 Stat. 886 (2017) ("the Section 241 Report"). The United States Department of the Treasury is of the opinion that, if it had to create the unclassified report today, Dr. Valentin Gapontsev would not be listed among oligarchs in the Russian Federation referred to in Section 241 of CAATSA. Consequently, Dr. Gapontsev is not an oligarch in the Russian Federation for purposes of Section 241 of CAATSA. The Department's view is based on information we did not have at the time the report was submitted to Congress. Among other things, Dr. Valentin Gapontsev is a U.S. citizen and chairman and CEO of IPG Photonics Corporation, a publicly-traded corporation headquartered in the United States.

Any reference to Dr. Valentin Gapontsev in the unclassified Section 241 Report does not reflect any judgment of the Treasury Department regarding compliance with U.S. law, including those relating to sanctions against Russia or its oligarchs.

If you or any other person has questions regarding this letter, please contact the undersigned at (202) 622-1206, or his successor.

Sincerely,

Paul Ahern

Acting Principal Deputy Assistant Secretary
Office of Terrorist Financing and Financial Crimes