

IPG PHOTONICS CORP
Form DEFR14A
May 05, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A/A**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.1)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a- 6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

IPG PHOTONICS CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Explanatory Note

This Schedule 14A/A is being filed to report the annual retainer paid to the chair of the Nominating and Corporate Governance Committee in the table appearing on page number 13 of the proxy statement of the Registrant for the 2011 Annual Meeting of Stockholders. The correct amount for the annual retainer for this position is \$12,500. The proxy statement on Schedule 14A filed with the Securities and Exchange Commission on April 14, 2011 reported that the annual retainer for this position was \$2,500. Also, this Schedule 14A/A is being filed to report that Mr. Michael R. Kampfe, a candidate for director, received a B.S. in Mechanical Engineering from the University of Arizona, not Arizona State University as was reported previously.

Dear Fellow Stockholder:

You are cordially invited to attend our annual meeting of stockholders on May 31, 2011. We will hold the meeting at 10:00 a.m. Eastern Time at our world headquarters, 50 Old Webster Road, Oxford, Massachusetts.

In connection with the meeting, we have prepared a notice of the meeting, a proxy statement, and our 2010 annual report to stockholders, which provide detailed information relating to our activities and operating performance.

Whether or not you plan to attend the annual meeting of stockholders, we encourage you to **vote your shares**. You may vote:

via Internet;

by telephone;

by mail; or

in person at the meeting.

If you plan to attend the annual meeting in person, you must provide proof of share ownership, such as an account statement, and a form of personal identification in order to be admitted to the meeting.

We will make available an alphabetical list of stockholders entitled to vote at the meeting, for examination by any stockholder during our ordinary business hours at the Office of the Secretary, located at our Oxford, Massachusetts headquarters, for the ten-day period before the annual meeting.

On behalf of the entire IPG Board of Directors, we look forward to seeing you at the meeting.

Sincerely,

Dr. Valentin P. Gapontsev
*Chairman of the Board of Directors and
Chief Executive Officer*

April 13, 2011

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

We invite you to attend our 2011 annual meeting of stockholders which is being held as follows:

Date: Tuesday, May 31, 2011
Time: 10:00 a.m., Eastern Time
Location: IPG Photonics Corporation
50 Old Webster Road
Oxford, Massachusetts 01540

At the meeting, we will ask our stockholders to:

elect nine directors named in the proxy to serve until our 2012 annual meeting of stockholders;

ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2011;

amend our 2006 Stock Incentive Plan;

approve, by non-binding vote, our executive compensation;

recommend, by non-binding vote, the frequency of executive compensation votes; and

consider any other business properly presented at the meeting.

You may vote on these matters in person or by proxy. Whether or not you plan to attend the meeting, we ask that you promptly **vote your shares**. Only stockholders of record at the close of business on April 13, 2011 may vote at the meeting.

By order of the Board of Directors,
IPG PHOTONICS CORPORATION

Angelo P. Lopresti
Vice President, General Counsel and Secretary
Oxford, Massachusetts

April 13, 2011

**Our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2010
are available at <http://investor.ipgphotonics.com/annual-proxy.cfm>**

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**PROXY STATEMENT
2011 ANNUAL MEETING OF STOCKHOLDERS**

GENERAL INFORMATION

Our Board of Directors is soliciting proxies from our stockholders in connection with our annual meeting of stockholders to be held on Tuesday, May 31, 2011 and at any and all adjournments thereof. No business can be conducted at the annual meeting unless a majority of all outstanding shares entitled to vote are either present in person or represented by proxy at the meeting. As far as we know, the only matters to be brought before the annual meeting are those referred to in this proxy statement. If any additional matters are presented at the annual meeting, the persons named as proxies may vote your shares in their discretion.

This proxy statement and our 2010 annual report are first being mailed to stockholders of record on or about April 15, 2011, and are made available on our website at <http://investor.ipgphotonics.com/annual-proxy.cfm>. Information on our website does not constitute part of this proxy statement.

Unless otherwise noted, the information in this proxy statement covers our 2010 fiscal year (or fiscal 2010), which ran from January 1, 2010 through December 31, 2010, and, in some cases, our 2009 fiscal year (or fiscal 2009), which ran from January 1, 2009 through December 31, 2009.

Questions and Answers about the Annual Meeting and Voting

When and Where is the Annual Meeting?

When: Tuesday, May 31, 2011, at 10:00 a.m. Eastern Time
Where: IPG Photonics World Headquarters,
50 Old Webster Road, Oxford, Massachusetts

Who is Entitled to Vote at the Meeting?

You are entitled to vote at the meeting if you owned IPG Photonics shares (directly or in street name, as defined below) as of the close of business on April 13, 2011, the record date for the meeting. On that date, 47,232,237 shares of our common stock were outstanding and entitled to vote and no shares of our preferred stock were outstanding. Each share of our common stock is entitled to one vote with respect to each matter on which it is entitled to vote; there is no cumulative voting with respect to any proposal.

What do I Need to do if I Plan to Attend the Meeting in Person?

If you plan to attend the annual meeting in person, you must provide proof of your ownership of our common stock and a form of personal identification for admission to the meeting.

If you are a stockholder of record, the top half of your proxy card is your admission ticket. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from your bank or broker are examples of proof of ownership. If you hold your shares in street name and you also wish to be able to vote at the meeting, you must obtain a proxy, executed in your favor, from your bank or broker.

What is the Difference Between Holding Shares Directly as a Stockholder of Record and Holding Shares in Street Name at a Bank or Broker?

Most of our stockholders hold their shares directly through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are differences between shares held of record and those held in street name.

Stockholder of Record: If your shares are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares, and the proxy statement and annual report were sent directly to you. As the stockholder of record, you have the right to vote your shares as described herein.

Street Name Stockholder: If your shares are held by a bank or broker as your nominee, you are considered the beneficial owner of shares held in street name, and the proxy statement and annual report were forwarded to you by your bank or broker who is considered the stockholder of record with respect to those shares. Your bank or broker sent to you, as the beneficial owner, a document describing the procedure for voting your shares. You should follow the instructions provided by your bank or broker to vote your shares. You are also invited to attend the annual meeting.

What Matters am I being Asked to Vote on at the Meeting and What Vote is Required to Approve Each Matter?

You are being asked to vote on five proposals. Proposal 1 requests election of directors. Each director will be elected by the vote of the plurality of the votes cast when a quorum is present. A plurality of the votes cast means that the nine persons receiving the greatest number of votes cast for will be elected. Votes cast excludes abstentions and any votes withheld by brokers in the absence of instructions from street-name holders (broker non-votes).

The affirmative vote of a majority of the shares which are present at the meeting in person or by proxy, and entitled to vote thereon, is required to: ratify the appointment of our independent registered public accounting firm (Proposal 2); approve the amendments to our 2006 Stock Incentive Plan (Proposal 3); and approve, by non-binding vote, our executive compensation (Proposal 4). Abstentions have the same effect as voting against Proposals 2, 3 and 4 and broker non-votes have no effect on the outcome of Proposals 3 and 4.

The frequency of the advisory vote on executive compensation (Proposal 5) receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by stockholders. Abstentions and broker non-votes will therefore have no effect on the outcome of Proposal 5.

Although the advisory votes on Proposals 4 and 5 are non-binding, as provided by law, our Board will review the results of the votes and will take them into account in making a determination concerning executive compensation and the frequency of such advisory votes.

Who Counts the Votes?

We have engaged Computershare, N.A. as our independent agent to receive and tabulate stockholder votes. Computershare will separately tabulate for , against and withhold votes, votes on the frequency of holding an advisory vote on executive compensation, abstentions and broker non-votes. Computershare will also act as independent election inspector to certify the results, determine the existence of a quorum and the validity of proxies and ballots, and perform any other acts required under the General Corporation Law of Delaware.

How can I Vote?

Most stockholders have a choice of voting in one of four ways:

via the Internet;

using a toll-free telephone number;

completing a proxy/voting instruction card and mailing it in the postage-paid envelope provided; or

in person at the meeting.

The telephone and Internet voting facilities for stockholders of record will close at 1:00 a.m. Central Time on May 31, 2011. The Internet and telephone voting procedures are designed to authenticate stockholders by use of a control number and to allow you to confirm that your instructions have been properly recorded.

Please read the instructions on the proxy card or the information sent by your broker or bank if you hold your shares in street name, your bank or broker will send you a separate package describing the procedures and options for voting your shares.

What does it Mean to Give a Proxy?

Your properly completed proxy/voting instruction card will appoint Valentin P. Gapontsev and Angelo P. Lopresti as proxy holders or your representatives to vote your shares in the manner directed therein by you. Dr. Gapontsev is our Chairman of the Board and Chief Executive Officer. Mr. Lopresti is our Vice President, General Counsel and Secretary. Your proxy permits you to direct the proxy holders to vote for or against, or abstain from, the nominees for director and Proposals 2, 3 and 4 and 1 year, 2 years, and 3 years or abstain for Proposal 5.

All of your shares entitled to vote and represented by properly completed proxy or voting instruction received prior to the meeting and not revoked will be voted at the meeting in accordance with your instructions.

What Happens if I Sign, Date and Return my Proxy but do not Specify how I Want my Shares Voted on one of the Proposals?

Stockholder of Record: Your proxy will be counted as a vote For all of the nominees for director; For Proposals 2, 3 and 4; and 3 years for Proposal 5.

Street Name Stockholder: Your broker or nominee may vote your shares only on those proposals on which it has discretion to vote. Under New York Stock Exchange rules, your broker or nominee does not have discretion to vote your shares on non-routine matters such as the election of directors or Proposals 3, 4 or 5. However, your broker or nominee does have discretion to vote your shares on routine matters such as Proposal 2.

Can I Change my Vote Before the Meeting?

You can change your vote at any time before your proxy is exercised by delivering a properly executed, later-dated proxy (including an Internet or telephone vote), by revoking your proxy by written notice to the Secretary of IPG Photonics, or by voting at the meeting. The method by which you vote by a proxy will in no way limit your right to vote at the meeting if you decide to attend in person.

If you are a Street Name Stockholder, please refer to the information forwarded by your bank or broker for procedures on changing your voting instructions.

Is the Proxy Statement Available on the Internet?

Yes. We are mailing copies of the proxy statement and our 2010 annual report to all stockholders. Stockholders can also view these documents on the Internet by accessing our website at

<http://investor.ipgphotonics.com/annual-proxy.cfm>.

Who is Soliciting my Proxy and who is Paying for the Cost of this Proxy Solicitation?

The Board of Directors of IPG Photonics is soliciting your proxy to vote at the 2011 annual meeting of stockholders. IPG Photonics will bear the expense of preparing, printing and mailing this proxy material, as well as the cost of any required solicitation. Our directors, officers or employees may solicit proxies on our

behalf. We have not engaged a proxy solicitation firm to assist us in the solicitation of proxies, but we may if we deem it appropriate. In addition, we will reimburse banks, brokers and other custodians, nominees and fiduciaries for reasonable expenses incurred in forwarding proxy materials to beneficial owners of our stock and obtaining their proxies.

What is the Quorum Required to Transact Business?

At the close of business on April 13, 2011, there were 47,232,237 shares of our common stock outstanding. Our bylaws require that a majority of our common stock be represented, in person or by proxy, at the meeting in order to constitute the quorum we need to transact business at the meeting. We will count abstentions and broker non-votes in determining whether a quorum exists.

CORPORATE GOVERNANCE

IPG Photonics is committed to the values of effective corporate governance and high ethical standards. Our Board believes that these values are conducive to long-term performance and reevaluates our policies on an ongoing basis to ensure they sufficiently meet our company's needs. Listed below are some of the significant corporate governance practices and policies we have adopted.

Independent Director Majority and Presiding Independent Director. Six of the nine directors on our Board are non-employees of the Company who meet the independence criteria under applicable SEC rules and NASDAQ guidelines. Only the independent directors sit on our three standing Board committees. The Board established the role of a presiding independent director who is elected by the independent directors. More information about the role of the independent directors, the presiding independent director and our Board structure can be found below in this section.

Executive Sessions. Our Board meets regularly in executive sessions without the presence of management, including our Chairman. These sessions are led by our presiding independent director, as described further below in this section.

Annual Election of Entire Board. Stockholders elect each director annually. We do not have a classified board.

Related Person Transaction Policy. Our Nominating and Corporate Governance Committee is responsible for approving or ratifying transactions involving our Company and related persons and determining if the transaction is in, or not inconsistent with, the best interests of our Company and our stockholders. More information about our Related Person Transaction Policy and transactions can be found below in this section.

Stock Ownership Guidelines. Our directors and executive officers are required to own a minimum amount of IPG Photonics shares. We believe that stock ownership requirements align the interest of the directors and officers with stockholders.

Prohibition on Hedging. Our Insider Trading Policy expressly prohibits hedging and purchasing derivative securities by directors and employees in connection with IPG Photonics shares.

Additional information is provided below regarding these and certain other key corporate governance policies which we believe enable us to manage our business in accordance with the highest standards of business practices and in the best interest of our stockholders. Our corporate website includes additional information and copies of these policies, as noted below. Most policies may be found at <http://investor.ipgphotonics.com/governance.cfm>. Note that information on our website does not constitute part of this proxy statement. Hard copies of these documents may be

obtained without charge by any stockholder upon request by contacting the Office of the Secretary, IPG Photonics Corporation, 50 Old Webster Road, Oxford, Massachusetts 01540.

Corporate Governance Guidelines. Our Board has adopted Corporate Governance Guidelines that outline, among other matters, the role and functions of the Board, the responsibilities of various Board

committees and the mission of the Board. Each of the Board committees has a written charter that sets forth the purposes, goals and responsibilities of the committee as well as qualification for committee membership, procedures for committee membership, appointment and removal, committee structure and operations and committee reporting to the full board.

The Governance Guidelines provide, among other things, that:

a majority of our Board must be independent;

the presiding independent director presides over executive sessions of independent directors;

the Board appoints all members of the Board committees;

the Audit, Compensation, and Nominating and Corporate Governance Committees consist solely of independent directors;

the independent directors meet periodically in executive sessions without the presence of the non-independent directors or members of our management;

directors may not serve on the boards of more than three other public companies; and

evaluations of the Board and committees are to be conducted annually.

The Board regularly reviews changing legal and regulatory requirements, evolving best practices and other developments. The Board modifies the Governance Guidelines and its other corporate governance policies and practices from time to time, as appropriate.

Executive Sessions. Our independent directors meet privately, without employee directors or management present, at least four times during the year. These private sessions are generally held in conjunction with the regular quarterly Board meetings. Other private meetings are held as often as deemed necessary by the independent directors. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee meet without employee directors or management present from time to time as they deem necessary.

Director Meetings and Policy Regarding Board Attendance. It has been the practice of our Board to hold at least four in-person regular meetings each year. In accordance with our Governance Guidelines, our directors are expected to prepare for, attend and actively participate in meetings of the Board of Directors and meetings of committees on which they serve. Our directors are expected to spend the time needed at each meeting and to meet as frequently as necessary to properly discharge their responsibilities. We encourage members of our Board to attend annual meetings of stockholders, but we do not have a formal policy requiring them to do so.

Stock Ownership Guidelines. The Board adopted stock ownership guidelines to more closely align the interests of our directors and executive officers with those of our long-term stockholders. Under the guidelines, the following persons are expected to maintain a minimum investment in our common stock as follows: for non-employee directors, the lesser of 3,000 shares or one times their annual cash Board retainer (excluding committee retainers); for the Chief Executive Officer, the lesser of 7,500 shares or one times his annual salary; and for other executive officers, the lesser of 5,000 shares or one times their respective annual salaries. Vested equity compensation, such as vested stock options and restricted stock, counts towards the stock ownership levels. These ownership levels are to be achieved no later than four years after the election as a director or as an executive officer, except that prior to such time the director or officer is expected to retain a certain portion of stock issued upon exercise of stock options or issuance of stock under

equity compensation plans after payment of the exercise price and taxes until the minimum ownership levels are attained. All directors and the named executive officers were in compliance with our stock ownership guidelines as of December 31, 2010.

Board Self-Assessments. The Board conducts annual self-evaluations to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee oversees the Board and committee self-assessments and the Board receives a report on its self-assessments annually. Each

committee reviews and reassesses the adequacy of its charter annually and recommends any proposed changes. Each committee also annually reviews its own performance and reports the results to the Board.

Prohibition on Hedging. Under our insider trading policy, no employee or director may engage in hedging or trade derivatives related to our common stock.

Director Orientation and Continuing Education. Upon joining the Board, directors are provided with an initial orientation about our Company, including our business operations, strategy and governance. New directors without previous experience as a director of a public company are expected to enroll in a director education program on the principles of corporate governance and director professionalism offered by a nationally-recognized sponsoring organization. We also provide orientation to directors who join a committee, including oversight responsibilities, policies and practices. We provide our directors with resources and ongoing educational opportunities to assist them in remaining abreast of developments in corporate governance and critical issues relating to the operation of public company boards. We pay for director education expenses and their membership in the National Association of Corporate Directors. The Board also conducts periodic visits to Company facilities as part of its regularly scheduled Board meetings.

Nomination of Directors. The Nominating and Corporate Governance Committee considers candidates for director nominees proposed by directors and stockholders. This Committee may retain recruiting professionals and use director databases to assist in identifying and evaluating candidates for director nominees. The Board seeks members from diverse professional backgrounds with a reputation for integrity who do not have professional commitments that might unreasonably interfere with the demands and duties of a board member. Candidates for director are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of the Company's stockholders. The Nominating and Governance Committee seeks diversity in the membership of the Board. It does not have formal objective criteria for determining the degree of diversity needed or present on the Board. Instead, it and the Board seek candidates with a range of experience. Board candidates are considered based upon various criteria, such as age, skills, knowledge, perspective, broad business judgment and leadership, knowledge of relevant industry, technical or regulatory affairs, business creativity and vision, experience and any other factors appropriate in the context of an assessment by the Nominating and Corporate Governance Committee of the needs of the Board at that time. Candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, and must be over 21 years of age and possess the highest personal integrity and ethics. In addition, the Nominating and Corporate Governance Committee considers whether the individual satisfies criteria for independence as may be required by applicable regulations.

The Nominating and Corporate Governance Committee has adopted a policy under which it will consider nominations by stockholders. The same identifying and evaluating procedures apply to all candidates for director nomination, including candidates submitted by stockholders. The Nominating and Corporate Governance Committee evaluates and interviews potential board candidates. All members of the Board may interview the final candidates.

Code of Business Conduct. We have a code of business conduct that applies to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer and other executive officers. Our code of business conduct includes provisions covering conflicts of interest, business gifts and entertainment, outside activities, compliance with laws and regulations, insider trading practices, antitrust laws, payments to government personnel, bribes or kickbacks, corporate record keeping and accounting records. The code of business conduct is posted on our website at www.ipgphotonics.com.

Procedures for Submitting Complaints Regarding Accounting and Auditing Matters. We have procedures for the treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by our directors, officers and employees of concerns regarding

questionable accounting, internal accounting controls or auditing matters. These procedures are posted on our website at www.ipgphotonics.com.

Director Independence

We follow director independence rules under NASDAQ listing standards and SEC rules. Our Nominating and Corporate Governance Committee has determined that Messrs. Blair, Child, Dalton, Gauthier and Hurley, and Dr. Krupke are independent as defined by NASDAQ Rule 4200(a)(15). Our Nominating and Corporate Governance Committee has determined that no such member has a relationship that would interfere with the exercise of independent judgment in carrying out his responsibilities as a director.

Each of the following committees of the Board is composed solely of independent directors:

the Audit Committee;

the Compensation Committee; and

the Nominating and Corporate Governance Committee.

Board Leadership Structure

In accordance with our Governance Guidelines, the Board has appointed a presiding independent director with leadership authority and responsibilities. The presiding independent director sets the agenda for, and leads, executive sessions of the independent directors, providing consolidated feedback, as appropriate, from those meetings to the Chairman and Chief Executive Officer. The presiding independent director provides input on the agenda for board meetings; facilitates discussions outside of scheduled board meetings among the independent directors on key issues as required; and serves as a non-exclusive liaison with the Chairman and Chief Executive Officer in consultation with the other independent directors. In June 2010, the independent directors of our Board elected Mr. Gauthier as presiding independent director.

Dr. Gapontsev serves as our Chairman and Chief Executive Officer. He is the founder of the Company and beneficially owns approximately 19.9% of the Company's stock. His dual role was established ten years ago when the Board was first established. The independent directors believe that at the Company's current stage, Dr. Gapontsev's in-depth knowledge of the Company's operations and vision make him the best-qualified director to serve as Chairman. The Board has a presiding independent director role as described above.

The Board also believes that its existing corporate governance practices achieve independent oversight and management accountability, which is the goal that many other companies seek to achieve by separating the roles of Chairman and Chief Executive Officer. IPG's governance practices provide for strong independent leadership, independent discussion among directors and independent evaluation of, and communication with, members of senior management.

Risk Oversight

One of the Board's primary role in the Company is to provide general oversight of strategy and operations. As part of its oversight of operations, the entire Board reviews and discusses the performance of the Company and the principal risks involved in the operations and management of the Company. The Board allocates risk oversight responsibility among the full Board, the independent directors and the three committees. The Nominating and Corporate Governance Committee periodically reviews risk oversight matters and responsibilities, then makes recommendations to the Board to allocate risk oversight responsibilities.

The Board as a whole reviews risk management practices and a number of significant risks in the course of its reviews of corporate strategy, management reports and other presentations. The independent directors as a group oversee succession planning. The Audit Committee oversees certain financial risks and recommends guidelines to monitor and control such risk exposures. The Compensation Committee reviews the Company's executive compensation programs, their effectiveness at both linking executive pay to performance and aligning the interests of our executives and our stockholders, and oversees an entity-wide compensation risk assessment. The Nominating and Corporate Governance Committee reviews significant related party transactions with directors, executives and managers and may conduct negotiations on behalf of the Company. The Board's risk oversight role does not interfere with the Company's day-to-day management because two-thirds

of the directors are independent directors and therefore have no conflicts that might discourage critical review of the Company's risks.

Related Person Transaction Policy and Transactions

The Board adopted a related person transaction policy that requires the Company's executive officers, directors and nominees for director to promptly notify the Corporate Secretary in writing of any transaction in which (i) the amount exceeds \$100,000, (ii) the Company is, was or is proposed to be a participant and (iii) such person or such person's immediate family members (Related Persons) has, had or may have a direct or indirect material interest (a Related Person Transaction). Subject to certain exceptions in the policy, Related Person Transactions must be brought to the attention of the Nominating and Corporate Governance Committee for an assessment of whether the transaction or proposed transaction should be permitted to proceed. In deciding whether to approve or ratify the Related Person Transaction, the Nominating and Corporate Governance Committee considers relevant facts and circumstances. If the Nominating and Corporate Governance Committee determines that the Related Person has a direct or indirect material interest in any such transaction, the Committee must review and approve, ratify or disapprove the Related Person Transaction.

Pursuant to our Governance Guidelines, we expect each of our directors to ensure that other existing and future commitments do not conflict with or materially interfere with his or her service as a director. Directors are expected to avoid any action, position or interest that conflicts with our interests or gives the appearance of a conflict. In addition, directors are required to inform the chairman of our Nominating and Corporate Governance Committee prior to joining the Board of another public company to ensure that any potential conflicts, excessive time demands or other issues are carefully considered.

Mr. Verghese Mammen provides consulting services to us, including assistance in managing our operations in India, and acts as a sales representative for us in India. Verghese Mammen is the father of Timothy P.V. Mammen, our Chief Financial Officer. Consulting fees, commissions and business expense reimbursements paid to Verghese Mammen totaled \$182,000 in 2010. Verghese Mammen also serves as a director of our Indian subsidiary, for which he receives no additional compensation.

Stockholder Communication with our Board of Directors

Stockholders wishing to write to the Board or a specified director or a committee of the Board should send correspondence to IPG Photonics Corporation, attention Secretary, 50 Old Webster Road, Oxford, Massachusetts 01540. All written communications received in such manner from stockholders of the Company will be forwarded to the members or committee of the Board to whom the communication is directed or, if the communication is not directed to any particular member(s) or committee of the Board, the communication shall be forwarded to all members of the Board.

INFORMATION REGARDING THE BOARD OF DIRECTORS

John H. Dalton decided to not stand for re-election to our Board of Directors at our 2011 annual meeting. IPG Photonics extends its sincere appreciation to Secretary Dalton for the valuable contributions he provided to our Company during his nearly eleven years of service to IPG as a director and his services as our President.

Nominees for Director

The following table sets forth certain information as of March 31, 2011 regarding our incumbent directors nominated for re-election, and Michael R. Kampfe, a nominee for director. Each of our incumbent directors, other than Mr. Dalton, and Mr. Kampfe has been nominated by the Board for election at our 2011 annual meeting.

Name	Age	Position
Valentin P. Gapontsev, Ph.D.	72	Chief Executive Officer and Chairman of the Board
Eugene Scherbakov, Ph.D.	63	Managing Director of IPG Laser and Director
Igor Samartsev	48	Acting General Manager of NTO IRE-Polus and Director
Robert A. Blair	64	Director
Michael C. Child	56	Director
Henry E. Gauthier	70	Director
William S. Hurley	66	Director
Michael R. Kampfe	61	Nominee for Director
William F. Krupke, Ph.D.	74	Director

Valentin P. Gapontsev, Ph.D., founded IPG in 1990 and has been our Chief Executive Officer and Chairman of our Board of Directors since our inception. Prior to that time, he served as senior scientist in laser material physics and head of the laboratory at the Soviet Academy of Science's Institute of Radio Engineering and Electronics in Moscow. He has over thirty years of academic research experience in the fields of solid state laser materials, laser spectroscopy and non-radiative energy transfer between rare earth ions and is the author of many scientific publications and several international patents. Dr. Gapontsev holds a Ph.D. in Physics from the Moscow Institute of Physics and Technology. In 2006, he was awarded the Ernst & Young® Entrepreneur of the Year Award for Industrial Products and Services in New England, and in 2009, he was awarded the Arthur L. Schawlow Award by the Laser Institute of America. Dr. Gapontsev serves as both Chairman and Chief Executive Officer, He is the founder of the Company and has successfully led the Company and the Board since the Company was formed. His scientific understanding along with his corporate vision and operational knowledge provide strategic guidance to the Company and the Board. For these reasons, he has been nominated to continue serving on the Board.

Eugene Scherbakov, Ph.D., has served as the Managing Director of IPG Laser GmbH, our German subsidiary, since August 2000 and has been a member of our Board of Directors since September 2000. Dr. Scherbakov served as the Technical Director of IPG Laser from 1995 to August 2000. From 1983 to 1995, Dr. Scherbakov was a senior scientist in fiber optics and head of the optical communications laboratory at the General Physics Institute, Russian Academy of Science in Moscow. Dr. Scherbakov graduated from the Moscow Physics and Technology Institute with an M.S. in Physics. In addition, Dr. Scherbakov attended the Russian Academy of Science in Moscow, where he received a Ph.D. in Quantum Electronics from its Lebedev Physics Institute and a Dr.Sci. degree in Laser Physics from its General Physics Institute. Dr. Scherbakov has been nominated to continue serving on the Board because of his position as manager of IPG Laser GmbH and because of his extensive technological knowledge of fiber lasers and components and the manufacturing process. His service as an executive officer of the Company provides the Board with a detailed understanding of the Company's operations.

Igor Samartsev has been the acting General Manager of our Russian subsidiary, NTO IRE-Polus, since 2005. He served as the Technical Director of NTO IRE-Polus from 2000 to April 2005 and, from 1993 to 2001, he was the Deputy Director of NTO IRE-Polus. Mr. Samartsev holds an M.S. in Physics from the Moscow Institute of Physics

and Technology. Mr. Samartsev is one of the founders of the Company and has a significant management role in the Company. The Board values Mr. Samartsev's understanding of the needs of the Company's growing Russian operations. For these reasons, he has been nominated to continue serving on the Board.

Robert A. Blair has served as a member of our Board of Directors since September 2000. Since January 1999, Mr. Blair has been the President of the Blair Law Firm P.C. Mr. Blair was a senior partner at the law firm of Manatt, Phelps & Phillips from 1995 to 1999. He was the managing partner of the law firm of Anderson, Hibey, Nauheim & Blair from 1981 to 1995. He is a trustee under Winkler Trusts, previously the primary sources of equity for, and owners of, real estate ventures developed by The Mark Winkler Company. Mr. Blair is managing partner of several real estate partnerships, has been a manager/principal in cellular telephone ventures and assisted in the launch of a VoIP business. He is the founding Chairman and Chairman Emeritus of the S Corporation Association of America. Mr. Blair holds a B.A. in Mathematics from the College of William & Mary, where he previously served on its governing Board of Visitors, and a J.D. from the University of Virginia School of Law. He has been nominated to continue serving on the Board because of his extensive management and legal experience and his knowledge of international business transactions and government practice. Also, Mr. Blair has valuable experience from years of serving on compensation committees and negotiating numerous employment arrangements.

Michael C. Child has served as a member of our Board of Directors since September 2000. Since July 1982, Mr. Child has been employed by TA Associates, Inc., a private equity investment firm, where he currently serves as Senior Advisor and prior to January 2011, was Managing Director. Since June 2010, he served on the board of directors of Finisar Corporation, a developer and manufacturer of optical subsystems and components for networks. He previously served as a director of Finisar from 1998 to 2005. Mr. Child holds a B.S. in Electrical Engineering from the University of California at Davis and an M.B.A. from the Stanford University Graduate School of Business. Mr. Child has been nominated to continue serving on the Board because of his extensive knowledge of management, operations and finance of technology growth companies. In addition, he has extensive board and committee experience at both public and private companies.

Henry E. Gauthier has served as a member of our Board of Directors since April 2006. Mr. Gauthier was President from February 2005 to May 2005, consultant from January 2004 to February 2005 and June 2005 to December 2006, and Chairman of the board of directors from May 2005 to December 2008, of Reliant Technologies, Inc., which was acquired in December 2008 by Solta Medical, Inc., a manufacturer of medical laser systems and one of our customers. He served as Vice Chairman of the board of directors of Coherent, Inc., a manufacturer of photonic products, from October 2002 to March 2006. He served as Chairman of the board of directors of Coherent, Inc. from February 1997 to October 2002 and was its President from 1983 to 1996. Since July 1996, Mr. Gauthier has served as a principal at Gauthier Consulting. He was a member of the board of directors of Alara, Inc. from 1997 to 2010. Mr. Gauthier attended the United States Coast Guard Academy, San Jose State University, and the Executive Institute of the Stanford University Graduate Business School. Mr. Gauthier has been nominated to continue serving on the Board because of his extensive knowledge of the laser industry and his management and operational experience from over two decades as an executive at the world's largest laser company. Having been a member of the audit, compensation, and nominating and corporate governance committees of public and private company boards in the technology field, Mr. Gauthier is familiar with a full range of corporate and board functions.

William S. Hurley has served as a member of our Board of Directors since April 2006. Since April 2006, he has been principal of W. S. Hurley Financial Consulting LLC, which provides supplemental chief financial officer services. From 2002 to April 2006, he was a partner with Tatum LLC, a nationwide executive services and consulting firm. He was Senior Vice President and Chief Financial Officer at Applied Science & Technology, a developer, manufacturer and supporter of semiconductor capital equipment, from 1999 until 2001. He served as Vice President and Chief Financial Officer at Cybex International, Inc., a designer, manufacturer and distributor of fitness equipment, from 1996 to 1999. From 1992 to 1995, he was Vice President-Controller and Chief Accounting Officer at BBN Corporation, formerly known as Bolt, Beranek & Newman, Inc., a high technology company. From 1993 to 2004, Mr. Hurley was a member of the board of directors of The L. S. Starrett Company, a manufacturer of precision tooling, where he served on the audit and compensation committees. He holds a B.S. in Accounting from Boston College and an M.B.A. in Finance from Columbia University Graduate School of Business, is a certified public

accountant, and possesses a Certificate of Director Education issued by the National Association of Corporate Directors. He has been nominated to continue serving on the Board because of the extensive experience he gained during his service

on the board of directors of The L. S. Starrett Company and his experience as a chief financial officer of three public companies.

Michael R. Kampfe is a candidate for director. Since 2001, he has been an independent consultant advising on general management and strategy matters, sales, tooling and manufacturing processes. From 1984 to 2000, he was employed by GSI Group, a manufacturer of optical, scanning and laser components and system product lines, serving in several management positions as Vice President. His last position was Vice President of Operations. Mr. Kampfe holds a B.S. in Mechanical Engineering from the University of Arizona, and he attended the Executive Institute at Stanford University. He has a license in professional engineering. He has been nominated as a director because of his experience in managing and growing laser systems businesses. Mr. Kampfe has extensive knowledge of managing complex product lines, operations and sales functions, as well as managing and expanding global operations that the Board believes will be helpful as the Company implements its growth strategies.

William F. Krupke, Ph.D., has served as a member of our Board of Directors since February 2001. Since 1999, Dr. Krupke has been President of a laser technology and applications consulting firm (now WFK Lasers, LLC). From 1972 to 1999, Dr. Krupke worked at the Lawrence Livermore National Laboratory, which provides research and development services to various U.S. government departments, serving for the last twenty of such years as Deputy Associate Director of the Laser Programs Directorate. Dr. Krupke holds a B.S. degree in Physics from Rensselaer Polytechnic Institute and M.A. and Ph.D. degrees in Physics from the University of California at Los Angeles. Dr. Krupke has been nominated to continue serving on the Board because of his deep technological knowledge of lasers from over four decades of experi