

IPG PHOTONICS CORP
Form DEF 14A
April 05, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary
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Statement
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Definitive
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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)
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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

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

Date: May 30, 2019
Time: 10:00 a.m.
Eastern Time
IPG Photonics
Corporation
50 Old Webster
Road
Location: Oxford,
Massachusetts
01540

At the meeting, we will ask our stockholders to:

1. elect ten directors named in the accompanying proxy statement;
2. ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2019; and
3. approve the IPG Photonics Corporation 2008 Employee Stock Purchase Plan, as amended and restated.

Stockholders will also transact any other business that may properly come before 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 1, 2019 may vote at the meeting.

By order of the Board
of Directors
IPG PHOTONICS
CORPORATION

Angelo P. Lopresti
Secretary

April 5, 2019
Oxford, Massachusetts

As permitted by the rules of the United States Securities and Exchange Commission (the "SEC"), we are making this Proxy Statement and Annual Report on Form 10-K available to stockholders electronically via the Internet at: investor.ipgphotonics.com. On or about April 11, 2019, we will mail to most of our stockholders a notice (the "Notice") containing instructions on how to access this Proxy Statement and our Annual Report and to vote

via the Internet or by telephone. Other stockholders, in accordance with their prior requests, will receive e-mail notification of how to access our proxy materials and vote via the Internet or by telephone, or will be mailed paper copies of our proxy materials and a proxy card on or about April 11, 2019.

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Firm for 2019

Proposal 3:

Approve the
IPG Photonics

Corporation

2008 Employee 52

Stock

Purchase Plan,
as Amended and
Restated

Other Matters 56

Appendix A:

IPG Photonics

Corporation

2008 Employee A-1

Stock Purchase

Plan,

as Amended and
Restated

PROXY SUMMARY

This summary highlights information available within our proxy statement. You should consider all of the information available in the proxy statement and our Annual Report on Form 10-K for fiscal year 2018 prior to voting your shares.

2018 Highlights

2018 was a year of many milestones and highlights.

Financial Performance

We achieved record sales in 2018 and made meaningful strides in new product areas and growth initiatives.

Net Sales (\$M)	Operating Income (\$M)
17%	55%
3 year CAGR	Gross Margin in 2018

Achievements and Milestones

- Increased revenue by 4% despite a weaker macroeconomic environment affecting our two largest markets, China and Europe
- Leveraged our vertically-integrated production model and direct sales force to deliver strong gross margin of 54.8%
- Deepened our penetration of laser processing in the cutting, welding, ablation, cladding and drilling markets
- Continued to gain sales from other laser and non-laser technologies
- Introduced new products, systems and accessories to expand our addressable markets
- Invested \$160 million in property, plant, equipment and technology and \$109 million in strategic acquisitions in 2018 so that we are well-positioned for the future opportunities of our industry-leading products
- Returned \$178 million to stockholders in stock buybacks

Executive Compensation Program

The guiding principles of our executive compensation philosophy are pay-for-performance, accountability for annual and long-term performance, alignment with stockholders' interests, and providing competitive pay to attract and retain executives. The 2018 compensation program for our named executive officers has three primary components: annual base salary, annual cash incentives and long-term equity incentives.

Annual Base Salary

- Following 2017, a year of 40% revenue growth, salaries were increased to a target percentile of our named peer group reflecting the increased size and complexity of the Company in 2018
- We compare our salaries to the peer group selected by the Compensation Committee in consultation with its independent compensation advisor

Annual Cash Incentives

- Financial performance fell short of target in 2018, which was reflected in payments that were less than in 2017
- Variable cash compensation opportunity is based upon annual net sales and profitability against threshold, target and maximum performance goals

Long-Term Equity Incentives

- Align interests of our executives and stockholders by motivating executive officers to increase long-term stockholder value
- Service-based equity awards vest over four years providing long-term retention and additional compensation opportunity for increased stock prices
- Performance-based stock unit awards provide additional incentives and are earned based on IPG's total stockholder return relative to a broad stock market index
- Our CEO, as the founder and a significant stockholder, has not received an equity award since the Company's public offering in 2006 resulting in lower compensation expenses and equity burn rate for the Company

Alignment with Stockholder Interests and Performance

- | | |
|-------------|-------------------|
| 98% | •Annual cash |
| Say-on-pay | incentives are |
| approval | capped and have |
| during last | challenging |
| stockholder | performance goals |
| vote | linked to key |
| | financial |

performance metrics

- Long-term equity incentives are aligned with long-term stockholder value creation
- Approximately 79% of non-CEO compensation in 2018 was performance-based
- Executives exceed stock ownership guidelines, aligning with interests of stockholders

See “Compensation Discussion and Analysis” beginning on page 30 for a further information on our executive compensation.

Corporate Governance Highlights

Our strong and effective corporate governance procedures and structure are an important part of our corporate culture, contributing to informed and effective decision-making and appropriate risk monitoring.

<p>Excellence on our Board</p> <ul style="list-style-type: none"> •70% of Board members are independent •Presiding independent director •Majority voting standard for uncontested elections •Half of Audit Committee members are “financial experts” •Average tenure of independent directors is 7 years 	<p>Progressive Stockholder Rights</p> <ul style="list-style-type: none"> •Proxy access rights allowing up to 20 stockholders owning at least 3% of shares continuously for 3 years to nominate up to 20% of the Board •Single class of shares so all stockholders have an equal vote •Annual election of all directors so that director terms are not staggered
<p>Long-Term Stockholder Alignment</p> <ul style="list-style-type: none"> •Prohibition on hedging and limits on pledging by directors and officers •Robust stock ownership guidelines for directors and executive officers •Approximately 79% of independent director compensation was at risk, based upon 	<p>Principled Processes</p> <ul style="list-style-type: none"> •Annual Board self-assessments •Independent directors meet in executive session at each regular meeting •Board regularly considers refreshment and succession planning to ensure boardroom skills are aligned with IPG’s long-term strategy

stock price
performance

3

Board of Directors and Committees

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships	Experience and Skills	Other Public Company Boards
Valentin P. Gapontsev, Ph.D.	80	1990	CEO and Chm. of Bd. IPG Photonics Corporation	No	None	Executive management • Technology • Markets and Applications	0
Eugene A. Scherbakov, Ph.D.	71	2000	COO IPG Photonics Corporation Managing Director IPG Laser GmbH	No	None	• Operations • Technology • Markets and Applications	0
Igor Samartsev	56	2006	Chief Technology Officer IPG Photonics Corporation	No	None	• Technology • Executive Management	0
Michael C. Child	64	2000	Senior Advisor T.A. Associates, Inc.	Yes	NCGC*	• Management and Operations • Mergers & Acquisitions • Technology Growth Companies	1
Gregory P. Dougherty	59	2019	Former CEO Oclaro, Inc.	Yes	Audit Compensation	• Laser and Optics Industry • Executive Management Operations	2
Henry E. Gauthier	78	2006	Former Pres. and Chm. Coherent, Inc.	Yes	Audit	• Laser Industry • Executive Management Operations	0
Catherine P. Lego	62	2016	Professional board	Yes	Audit	• Accounting and Finance	2

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			director		Compensation (Chair)	• Financial Expert Technology Growth Companies	
Eric Meurice	62	2014	Former President, CEO and Chairman ASML Holding NV	Yes	NCGC* (Chair) Compensation	• Technology Growth Companies • International Operations • Strategy and Strategic Marketing	4 (1)
John R. Peeler	64	2012	Executive Chm. Veeco Instruments, Inc.	Yes	Presiding Ind. Director Compensation NCGC*	• Management and • Operations • International • Operations Leadership Development	1
Thomas J. Seifert	55	2014	Chief Financial Officer Cloudflare, Inc.	Yes	Audit (Chair) NCGC*	• Accounting and Finance • Financial • Expert Technology Growth Companies	1

* NCGC is the Nominating and Corporate Governance Committee.

1.Includes another public company for which Mr. Meurice will not stand for re-election at its annual general meeting on May 2, 2019. See "Board of Directors."

Corporate Responsibility

At IPG, corporate responsibility is an important part of our mission. The major areas on which we focus include: (1) innovative and efficient products, (2) environmental stewardship, (3) health, safety and wellness programs for our employees and (4) community participation and contributions. The information below describes several of the key aspects of our corporate responsibility.

Innovative and Efficient Products

IPG is a leader in fiber lasers. Our fiber lasers have 45-50% wall-plug electrical efficiency, as compared to other types of lasers such as lamp-pumped Nd:YAG and CO₂ lasers which have approximately 2% and 7-8% wall-plug efficiencies, respectively.

We estimate that operation of IPG fiber lasers instead of other types of lasers resulted in approximately 28 billion pounds less global CO₂ emission since 2011 and 10 billion pounds less CO₂ emission in 2018 alone as a result of electricity

Environment

Aside from the positive effect that the adoption of our efficient products provides, we are committed to reducing the environmental impact from our manufacturing and increasing the sustainability of our operations.

Our new construction is built at a level higher than energy codes require. Our new facilities incorporate LED light fixtures, reducing electricity use by 75% compared to incandescent bulbs, and the most water conservative plumbing fixtures available.

savings.

To put these savings into perspective, 28 billion pounds of CO₂ emission approximates the annual output of six 500 megawatt coal-fired electric plants.

We have several co-generation plants that reduce emissions by recycling waste heat from power generation to heat and cool buildings.

IPG operations are compliant with the Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) Directives and the Toxic Substances Control Act (TSCA).

Employees
We provide healthy and safe working conditions to employees and contractors and ensure an inclusive hiring process and work environment. IPG is committed to a culture where all can act with integrity, promote collaboration and deliver results in all that

Communities
IPG has a long history of caring for our communities around the world, focused on building and supporting collaborative programs to create positive outcomes where we live and work. Our charitable contributions target education, community welfare, civic and social

we do.	service
We have reduced OSHA recordable accidents from 4% in 2010 to 1% in 2018 as a percentage of employees at our Oxford plant.	programs and arts and culture.
IPG manufacturing employees undergo comprehensive safety training to help reduce workplace hazards and accidents.	Among the many contributions to our communities, IPG sponsors the Society of Women Engineers, promoting the advancement of women in the engineering field.
	Also, IPG is a co-founder of the Siegman International School on Lasers, created by the Optical Society of America to expand access to laser education.

2019 Annual
Meeting
Information

Time and Date: 10:00 a.m. Eastern Time on Thursday, May 30, 2019

Location: IPG Photonics Corporation, 50 Old Webster Road, Oxford, Massachusetts, 01540

Record Date: April 1, 2019

Voting: Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Voting
Your
Shares

We encourage you to vote by proxy, even if you plan to attend the annual meeting. Your vote is important. You can vote your shares using one of the following methods:

- Completing and mailing the enclosed proxy card
- Calling (800) 652-8683
- Visiting www.investorvote.com/ipgp
- In person at the annual meeting

If you own shares through a bank, broker, trustee, nominee or other institution, they will provide you with our proxy statement and any other solicitation materials, as well as voting instructions.

Items of
Business

Proposal	Description	Board Vote Recommendation	Page Reference
1	Elect ten directors named in the proxy statement to serve for a one-year term	FOR the election of each director nominee	<u>27</u>
2	Ratify Deloitte & Touche LLP as our independent registered public accounting	FOR	<u>50</u>

firm for 2019

Approve the
IPG

Photonics
Corporation
2008

3 Employee
Stock Purchase
Plan, as
amended and
restated (the
"Stock
Purchase
Plan")

FOR

52

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QUESTIONS AND ANSWERS
ABOUT THE MEETING AND VOTING

When and Where Is the Annual Meeting?

When: Thursday, May
30, 2019, at
10:00 a.m.
Eastern Time

Where: IPG Photonics
Corporation
50 Old Webster
Road
Oxford,
Massachusetts
01540

What is the purpose of these materials?

The Board of Directors (the "Board") of IPG Photonics Corporation is soliciting proxies from our stockholders in connection with our annual meeting of stockholders to be held on Thursday, May 30, 2019 and any and all adjournments thereof. This proxy statement and our 2018 annual report are first being made available to stockholders of record on or about April 11, 2019 at investor.ipgphotonics.com. Information on the website does not constitute part of this proxy statement. Unless otherwise noted, the information in this proxy statement covers our 2018 fiscal year, which ran from January 1, 2018 through December 31, 2018.

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 three proposals.

Proposal 1 requests the election of directors named in this proxy statement. Our bylaws require that, in uncontested elections, each director be elected by the majority of votes cast with respect to such director. This means that the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee in order for that nominee to be elected. Only votes "for" or "against" are counted as votes cast with respect to a director. Abstentions and broker non-votes (as defined below) will have no effect on Proposal 1. To be elected in a "contested election" of directors, which our bylaws define as an election in which the number of nominees for director is greater than the number of directors to be elected, as determined as of the tenth day preceding the date the Company first mails its notice of meeting to stockholders, a director nominee must receive a plurality of the votes cast. The election of directors at the 2019 annual meeting is an uncontested election.

Proposal 2 requests the ratification of the appointment of our independent registered public accounting firm for 2019. The affirmative vote of the holders of a majority of the outstanding shares which are present at the meeting in person or by proxy, and entitled to vote thereon, is required for approval of Proposal 2. Abstentions have the same effect as voting against Proposal 2. Because Proposal 2 is considered a "routine" matter, broker non-votes are not expected to occur with respect to this Proposal.

Proposal 3 requests the approval of the Stock Purchase Plan. 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 for approval of Proposal 3. Abstentions have the same effect as voting against Proposal 3. Broker non-votes will have no effect on Proposal 3. 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.

What happens if a director nominee fails to receive a majority vote in an uncontested election at the 2019 Annual Meeting of Stockholders?

If a nominee who currently is serving as a director does not receive the affirmative vote of at least a majority of the votes cast in an uncontested election, Delaware law provides that the director would continue to serve on the Board as a "holdover director." However, under our bylaws, each incumbent director is required to submit a letter of resignation

as a condition of becoming a nominee of the Board, with the resignation contingent upon not receiving a majority of the votes cast in an uncontested election and acceptance of the resignation by the Board. In such event, the Nominating and Corporate Governance Committee (or another committee designated by the Board) would

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make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board would act on the tendered resignation, taking into account the committee's recommendation, and would publicly disclose its decision regarding the resignation within 90 days after the results of the election are certified. If the resignation is not accepted, the director would continue to serve until the next annual meeting of stockholders and until the director's successor is elected and qualified.

Who Is Entitled to Vote at the Meeting?

You are entitled to vote at the meeting if you owned shares of IPG Photonics (directly or in "street name," as defined below) as of the close of business on April 1, 2019, the record date for the meeting. On that date, 53,108,053 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, such as a driver's license, for admission to the meeting. If you are a stockholder of record, the top half of your proxy card is your admission ticket and will serve as proof of ownership. If you hold your shares in street name, 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, Computershare, N.A., 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, broker or other nominee on your behalf, 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, broker or other nominee who is considered the stockholder of record with respect to those shares. Your bank, broker or other nominee 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, broker or other nominee to vote your shares. You are also invited to attend the annual meeting. However, if you wish to be able to vote at the meeting, you must obtain a proxy card, executed in your favor, from your bank, broker or other nominee.

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 Senior Vice President, General Counsel and Secretary. Your proxy permits you to direct the proxy holders to vote "For," "Against," or "Abstain" for each of the proposals included in this proxy statement.

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

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 (Proposal 1), "For" the ratification of the appointment of our independent registered accounting firm (Proposal 2) and "For" the approval of the "Stock Purchase Plan" (Proposal 3).

"Street Name" Stockholder: Your bank, broker or nominee may vote your shares only on those proposals on which it has discretion to vote. Under the rules of The Nasdaq Stock Market LLC ("Nasdaq"), your bank, broker or

nominee does not have discretion to vote your shares on non-routine matters such as the election of directors (Proposal 1) and approval of the Stock Purchase Plan (Proposal 3). This is called a "broker non-vote." However, your bank, broker or nominee does have discretion to vote your shares on routine matters such as the vote to ratify the appointment of our independent registered public accounting firm (Proposal 2). Accordingly, if you do not give your bank, broker or nominee specific instructions with respect to Proposal 2, your shares will be voted in such entity's discretion (but only with respect to Proposal 2). We urge you to promptly provide your bank, broker or nominee with appropriate voting instructions so that all of your shares may be voted at the meeting.

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 in person at the meeting. If you choose to revoke your proxy by attending the annual meeting, you must vote your shares for revocation to be effective. 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 your shares are held in street name, please refer to the information forwarded by your bank, broker or nominee for procedures on changing your voting instructions.

Is the Proxy Statement Available on the Internet?

Yes. We are delivering our proxy statement and 2018 annual report pursuant to the Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders over the Internet. On or about April 11, 2019, we will mail to our stockholders a notice (the "Notice") containing instruction on how to access this proxy statement and our annual report and to vote via the Internet or by telephone. Stockholders can view these documents on the Internet by accessing the website at investor.ipgphotonics.com.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials?

You may receive more than one Notice, more than one e-mail or multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate Notice, a separate e-mail or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one Notice, more than one e-mail or more than one proxy card.

To vote all of your shares by proxy, you must complete, sign, date and return each proxy card and voting instruction card that you receive and vote over the Internet the shares represented by each Notice that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of those Notices).

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

The Board of IPG Photonics is soliciting your proxy to vote at the 2019 annual meeting of stockholders. IPG Photonics will bear the expense of preparing, posting to the Internet, 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.

Who Counts the Votes?

We have engaged Computershare, N.A. as our independent agent to receive and tabulate stockholder votes. Computershare, N.A. will separately tabulate "For" and "Against" votes, abstentions and broker non-votes. Computershare, N.A. 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 30, 2019. 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.

If you hold your shares in "street name," your bank, broker or other nominee will send you a separate package describing the procedures and options for voting your shares. Please read this information carefully. If you hold your shares in "street name," and wish to vote in person at the annual meeting, you must obtain a "legal proxy" from the organization that holds your shares. A legal proxy is a written document that will authorize you to vote your shares held in "street name" at the annual meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy. You must bring a copy of the legal proxy to the annual meeting and ask for a ballot when you arrive.

What Is the Quorum Required to Transact Business?

At the close of business on April 1, 2019, the record date, there were 53,108,053 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 broker non-votes and proxies marked "abstain" as present in determining whether a quorum exists.

CORPORATE GOVERNANCE

Significant Governance Highlights

At IPG Photonics, we believe that strong and effective corporate governance procedures and practices are an extremely important part of our corporate culture. The following summarizes the structure of our Board and key elements of our corporate governance framework:

Director Independence	Tenure of Independent Directors	Average Age of Independent Directors
Seven of ten directors are independent	<1 year: Dougherty 2 years: Lego 5 years: Meurice and Seifert 7 years: Peeler 13 years: Gauthier 19 years: Child	Age: 62.4 years
Audit, Compensation and Nominating and Corporate Governance Committees composed entirely of independent directors	Average tenure: 7 years	
Meeting of Independent Directors	Board Meeting Attendance	Board Leadership and Structure
Executive sessions of independent directors are conducted during each Board meeting	Each of our directors met the 75% attendance benchmark for board and committee meeting attendance	Elected Annually Presiding Independent Director John R. Peeler
Voting Standard for Election of Directors	Share Ownership Guidelines	Board Self-Assessments
Majority vote with director resignation policy for failure to receive a majority vote in uncontested director elections	Directors 3x cash retainer or 3,000 shares CEO 5x base salary Other executive officers 1x base salary or 5,000 shares	Board and Committee self-assessments on a regular basis
	Directors and officers exceed	

	guidelines	
Chief Executive Officer Performance	Hedging/Pledging Transactions	Clawback Policy
Annual review by independent directors	Strict policy of no hedging of company shares and limited pledging	Robust policy
Independent directors determine CEO compensation		
Advisory Vote on Named Executive Officer Compensation	Stockholder Rights Plan (“Poison Pill”)	Oversight of Risk
		The Board as a whole exercises its oversight responsibilities with respect to material risks
98% of stockholders voted in favor of executive compensation at the 2017 annual meeting	No stockholder rights plan in place	The Board has delegated responsibility for oversight of specific risks to Board committees
Triennial Vote		

The Board recently approved enhancements to our corporate governance:

- Proxy Access. In 2019, we adopted proxy access bylaw amendments. Proxy access refers to the right of a long-term stockholder to nominate alternative board candidates on the Company’s proxy card for the Company’s annual meeting of stockholders and utilize the Company’s proxy statement to solicit votes for the stockholder’s nominees.
- Majority Voting for Uncontested Elections. In 2018, we adopted majority voting provisions to our bylaws that provide for election of directors under a majority voting standard with a director resignation policy for failure to receive a majority vote in an uncontested election of directors.

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 high standards of business practices and in the best interest of our stockholders.

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines that outline, among other matters, the roles 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 committees as well as qualification for committee membership, procedures for committee membership, appointment and removal, committee structure and operations and committee reporting to the entire Board.

The Corporate 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 and chairpersons 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 or on more than two other audit committees of public companies,
- evaluation of the Board is conducted annually, and
- the Board and key officers should have a meaningful financial stake in the Company.

The Board reviews changing legal and regulatory requirements, evolving best practices and other developments. The Board modifies the Corporate Governance Guidelines and its other corporate governance policies and practices from time to time, as appropriate. Several of our policies, including our Corporate Governance Guidelines and committee charters, may be found at investor.ipgphotonics.com/governance/governance-documents. Note that information on our website does not constitute part of this proxy statement.

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 of the independent directors are held as often as deemed necessary by them. 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 and its committees to hold at least four in-person regular meetings each year. The Board and its committees also have telephone meetings throughout the year. See "Standing Committees and Board Membership" below for additional information regarding meetings held in 2018. In accordance with our Corporate Governance Guidelines, our directors are expected to prepare for, attend and actively participate in meetings of the Board and its committees. 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. In 2018, three of the directors in office attended the annual meeting of stockholders.

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 three times their annual cash Board retainer (excluding committee retainers); for the Chief Executive Officer, five times his annual salary; and for senior executive officers, the lesser of 5,000 shares or one times their respective annual salaries. Vested stock options and unvested restricted stock units count toward the stock ownership levels. Indirect ownership of shares through a separate legal entity counts toward fulfillment of the ownership guidelines. 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 vesting of restricted stock units until the minimum ownership levels are attained. All directors and executive officers were in compliance with our stock ownership guidelines as of December 31, 2018.

Board Self-Assessments. The Board conducts annual self-evaluations and its committees conduct bi-annual self-assessments to determine whether they are functioning effectively. The Nominating and Corporate Governance Committee oversees the Board and committee self-assessments. Each committee also reviews its own performance bi-annually and reports the results to the Board. Each committee reviews and reassesses the adequacy of its charter annually and recommends proposed changes to the Board.

Prohibition on Hedging; Limits on Pledging. Under our insider trading policy, no director or employee may engage in shorting shares of our common stock, or buying or selling puts, calls or derivatives related to our common stock or other Company securities, which includes equity compensation. A director or officer of the Company may not pledge shares constituting more than 20% of his or her total stock ownership. Pledges of shares constituting 20% or less of total stock ownership are subject to certain conditions.

Governance Trends and Director Education. The Board and its committees proactively monitor legislative and regulatory initiatives, as well as other corporate governance trends and their potential impact on the Company. Each director has access to publications and other resources that cover these matters. In addition, we reimburse relevant director education expenses.

The Board receives presentations from professionals with expertise in corporate law, governance and other related topics. These experts have specialized knowledge of regulatory actions, governance trends and various other corporate governance topics. Additionally, our directors participate in continuing education sessions to remain informed on recent trends applicable to their committee duties.

Likewise, newly elected directors attend a comprehensive director orientation program that covers, among other things, our strategy, business structure, financial performance, and competitive landscape. New committee members are also provided training on committee policies, practices and trends. As part of this program, directors are invited to participate in a tour of selected facilities of the Company. To further familiarize directors with our expanding operations, we conduct Board meetings at our major facilities from time to time.

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 investor.ipgphotonics.com/governance/governance-documents.

Procedures for Submitting Complaints. We have procedures to treat complaints regarding accounting, internal accounting controls, auditing matters, fight against bribery, banking, and financial crime, including submission of confidential and anonymous concerns regarding questionable accounting, internal accounting controls or auditing matters raised by our directors, officers and employees. These procedures are posted on our website at investor.ipgphotonics.com/governance/governance-documents.

Standing Committees and Board Committee Membership

The Board has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, each composed entirely of non-employee directors determined to be independent under the listing standards of Nasdaq. Under their written charters adopted by the Board, each of these committees is authorized and assured appropriate funding to retain and consult with external advisors, consultants and counsel. The table below sets forth the directors who are currently members or chairs of each of the standing Board committees in 2018. Asterisk (*) denotes Committee Chair and their respective functions.

Committee	Function	Members
Audit	Providing oversight of financial management, the internal auditor function and the independent auditor.	Seifert* (1)(2) Dougherty (1)(2) Gauthier (1)(2) Lego (1)(2)
	•	Providing oversight with respect to our internal controls including that management is maintaining an adequate system of internal control such that there is reasonable assurance that assets are safeguarded and that financial reports are properly prepared; that there is consistent application of generally accepted accounting principles; and that there is compliance with management's financial reporting policies and procedures.
	•	Pre-approving auditing and permissible non-audit services by our independent auditor, reviewing and discussing out annual and quarterly financial statements and related disclosures, and coordinating.

- Meeting periodically with the independent auditor, management and internal auditor function (including in private sessions) to review their work and confirm that they are properly discharging their respective responsibilities.
- Appointing the independent auditor.
For more information on Audit Committee activities in 2018, see the Audit Committee Report on page 50 of this proxy statement and "Proposal 2: Ratify Independent Registered Public Accounting Firm" on page 50.
- Reviewing and recommending to the independent directors the CEO's base salary and opportunities for annual and long-term compensation.
- Reviewing and approving compensation decisions recommended by the CEO for the other executive officers, including setting base salaries, annual performance bonuses, long-term incentive awards, severance benefits and perquisites.

- Setting our compensation philosophy and composition of the group of peer companies used for comparison of executive compensation.
- Reviewing and recommending for approval by the Board the compensation for non-employee directors.
- Administering the equity compensation plans under which we compensate our executive officers and other key employees.
- Retaining an independent compensation consultant firm, Radford, a unit of Aon Hewitt ("Radford"), for matters related to executive officer and director compensation, and outside legal counsel to provide advice on compensation-related matters.
- Preparing the Compensation Committee Report included in this proxy statement on page 39 and overseeing management's risk assessment of compensation for all employees and compensation-related risks as delegated by the Board.
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Nominating
and
Corporate
Governance

Overseeing
matters of
corporate
governance,
including the
evaluation of the
performance and
practices of the
Board.

Meurice*
Child
Peeler
Seifert

- Developing and recommending criteria for Board membership.
- Reviewing possible candidates for the Board and recommending director nominees to the Board for approval.
- Overseeing the process for the performance evaluations of the Board and its committees.
- Engaging in Board succession planning to ensure boardroom skills are aligned with IPG's long-term strategic plan.
- Reviewing and recommending director orientation, stock ownership guidelines, delegation of authority to management, insider trading guidelines, and consider questions of possible conflict of interest, including related party transactions, as such questions arise.
- Reviewing and recommending risk oversight responsibilities of the Board and its committees and of the independent directors

as a group.

1. The Board has determined that each member of the Audit Committee is financially literate. The Board has designated Ms. Lego and Mr. Seifert, who are each independent directors under the Nasdaq listing standings and the SECs audit committee requirements, as “audit committee financial experts” pursuant to the SEC’s final rules implementing Section 407 of the Sarbanes-Oxley Act. Stockholders should understand that the designation of Ms. Lego and Mr. Seifert each as an “audit committee financial expert” is an SEC disclosure requirement and that it does not impose upon them any duties, obligations, or liabilities that are greater than those imposed on them as members of the Audit Committee and the Board in the absence of such designation.

2. The Board has determined that each member of the Audit and Compensation Committees meets the independence standards specific to members of such committees under Nasdaq guidelines and SEC rules.

Copies of the charters of each of the three committees can be found on our website at investor.ipgphotonics.com/governance/governance-documents.

The table below sets forth the number of meetings held by each committee and the full Board in 2018. All incumbent directors attended 75% or more of the aggregate meetings of the Board and committees on which they served during 2018. We encourage directors to attend the annual meeting of stockholders, but we do not have a formal policy regarding such attendance. Last year, three of the directors in office attended the annual meeting.

	Board of Directors	Audit	Compensation	Nominating and Corporate Governance
Meetings held in 2018	6	7	8	6
Written consents in 2018	3	0	0	0

Nomination of Directors

Director Selection Guidelines. The Nominating and Corporate Governance Committee has approved guidelines for selecting directors. Criteria considered in the selection of directors include:

- the extent that the director/potential director has demonstrated excellence, leadership and significant experience in a field of endeavor;
- whether the director/potential director assists in achieving a collective membership on the Board with a broad spectrum of experience and expertise;
- diverse professional experience, substantive expertise, skills and background, as well as diversity in personal characteristics, such as age, ethnicity, gender and race;
- whether the director/potential director can read and understand financial statement fundamentals and is committed to representing the long-term interests of the Company’s stockholders, while keeping in perspective the interests of the Company’s customers, employees and the public;
- the needs of the Company at the time of nomination to the Board and the fit of a particular individual’s skills and personality with those of the other directors in building a Board that is effective and responsive to the needs of the Company; and
- whether the director/potential director meets the independence requirements of the listing standards of the Nasdaq and SEC rules (where independence is desired).

No potential director (excluding any incumbent director) with an age less than 21 years or greater than 72 years is eligible for election as a Board member. Each director/potential director must comply with the limits on other board memberships in our Corporate Governance Guidelines.

The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Nominating and Corporate Governance Committee seeks a Board that reflects diversity, in experience, age, ethnicity, national origin, gender and race, although it does not have formal objective criteria for determining the degree of diversity desired on the Board.

In the last few years, the Board has taken an active approach to refreshing its members in order to increase the effectiveness of the Board, including by increasing its focus on Board diversity. For example, the Board has added a female director and two directors born in Europe with significant international business experience. In 2019, we added a director with experience in photonics and optical components businesses. Of these newer directors, two were under 60 years old when they joined our Board. We typically seek candidates with experience on public company boards as such candidates understand the role and duties of directors and individually who add different sets of experience and skills that are important to the Company. Based on this criterion, we have added directors with photonics, electronics and semiconductor equipment industry backgrounds, larger company and

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entrepreneurial experience, European and Asia experience, as well as experience in positions associated with accounting, finance and information technology, all of which contribute to the quality of the review and oversight by the Board, Board-management discussions and IPG's long-term strategy.

Director Nomination Process. The Nominating and Corporate Governance Committee identifies potential director nominees through contacts of the Board, executives and a variety of other sources. The committee has retained and may in the future retain a search firm or utilize third-party database search tools to identify director nominees. The Nominating and Corporate Governance Committee considers several factors prior to nominating a candidate. Generally, the committee considers the existing size, future requirements of the Board, composition skills and diversity of the Board, evaluates biographical information and other background material and interviews each candidate selected. The Nominating and Corporate Governance Committee applies director selection criteria adopted by it based on the circumstances at the time and the criteria set forth in our Corporate Governance Guidelines. The Nominating and Corporate Governance Committee considers all director candidates identified through the processes described above and evaluates each of them, including incumbents, based on the same criteria. If based on the committee's initial evaluation, a director candidate continues to be of interest to the Nominating and Corporate Governance Committee, the chair of such committee and other committee members will interview the candidate and communicate the evaluation to the committee and executive management. Additional interviews are conducted and all members of the Board may interview the final candidates. Ultimately, the Nominating and Corporate Governance Committee will meet to finalize its list of recommended candidates for the Board's consideration.

The Nominating and Corporate Governance Committee also considers candidates for nomination as a director submitted by stockholders. The Nominating and Corporate Governance Committee's evaluation process and criteria does not vary based upon whether a candidate is recommended by a stockholder. However, the procedural requirements set forth in our bylaws and the procedures described under "Other Matters - 2020 Annual Meeting and Nominations" must be met.

Proxy Access Bylaw. In 2019, we adopted a proxy access provision in our bylaws. It permits a stockholder, or group of up to 20 eligible stockholders, that has maintained continuous ownership of three percent or more of our common stock continuously for at least three years to include in our proxy materials for an annual meeting of stockholders a number of director nominees constituting up to the greater of two director nominees or 20 percent of the number of directors up for election as of the last day on which a notice of proxy access nomination may be delivered to the Company.

The proponent is required to provide the information about itself and the proposed nominee(s) that is specified in the proxy access provision of our bylaws. The required information must be in writing and provided to the Secretary of the Company not less than 120 days nor more than 150 days prior to the anniversary of the date that the Company first distributed its proxy statement to stockholders for the immediately preceding annual meeting of stockholders. We are not required to include any proxy access nominee in our proxy statement if the nomination does not comply with the proxy access requirements of our bylaws. Any stockholder considering utilizing proxy access should refer to the specific requirements set forth in our bylaws.

Board Leadership Structure

As of the date of this proxy statement, the positions of Chairman of the Board and Presiding Independent Director are held by two different individuals. Dr. Gapontsev, our Chief Executive Officer, also serves as the Chairman of the Board. Our independent directors determined several years ago that, for effective Board governance, it is important to have a presiding independent director. Mr. Peeler has been selected as the Presiding Independent Director for the term ending May 2019.

Dr. Gapontsev became our Chief Executive Officer and Chairman in 1998. His dual role was created when the Board was first established in 2000. Our directors believe that each of the possible leadership structures for a board has its particular benefits and drawbacks which must be considered in the context of the specific circumstances, culture and challenges facing a company, and that such consideration is the responsibility of a company's board that has a diversity of views and experiences. Our directors come from a variety of organizational backgrounds and have direct experience with a wide range of leadership and management structures. The makeup of our Board puts it in a strong position to evaluate the pros and cons of the various types of board leadership structures and to ultimately decide which form is in the best interests of our stockholders. The independent directors believe that having

Dr. Gapontsev serve in both capacities is in the best interest of the Company and its stockholders because it allows Dr. Gapontsev to more effectively execute the Company's strategic initiatives and business plans. He is the founder of the Company and beneficially owns approximately 14% of the Company's common stock. The duality of Dr. Gapontsev's roles as Chairman and Chief Executive Officer creates clear and unambiguous authority, which is essential to effective management. The Board and management can respond more effectively to a distinct line of authority. Further, given that he is closer to the Company's business than any other Board member and he has the benefit of over twenty-five years of operations, technology, strategy and executive management experience within the Company, Dr. Gapontsev is best-positioned to set the Board's agenda and provide leadership. Dr. Gapontsev's extensive scientific and business experience also gives him vast industry knowledge, which the Board believes is critical for the chairman of the board of a company that operates in a highly technical industry. The combined Chairman/Chief Executive structure is a leadership model that has served our stockholders well for many years. The Board also recognizes the importance of having in place, and building upon, a counterbalancing structure to ensure that it functions in an appropriately independent manner. As a result, the Board enhanced its governance structure several years ago by creating the position of Presiding Independent Director with leadership authority and responsibilities. The duties and responsibilities of the Presiding Independent Director include: setting the agenda for and leading executive sessions of the independent directors; providing consolidated feedback from those meetings to the Chairman and Chief Executive Officer; providing input on the agenda for Board meetings; periodically providing feedback on the quality and quantity of information flow from management; having the authority to call meetings of the independent directors; facilitating discussions outside of scheduled Board meetings among the independent directors on key issues as required; serving as a non-exclusive liaison with the Chairman and Chief Executive Officer in consultation with the other independent directors; interviewing Board candidates as appropriate; and leading the determination of the goals and objectives for the Chairman and Chief Executive Officer with the input of the independent directors and the annual performance evaluation for him with the input of the independent directors. In the event of a crisis, the Presiding Independent Director would have an increased role in crisis management oversight. The independent directors of our Board elected Mr. Peeler as the Presiding Independent Director for the term ending May 2019, and this position is voted upon annually by our independent directors.

The independent directors as a group determine the CEO's base salary and opportunities for annual and long-term compensation based upon recommendations of the Compensation Committee. Each year, the independent directors also determine the annual goals and objectives for the CEO, assess the CEO's attainment of them and decide the CEO's individual performance award under the Company's annual incentive plan.

The Board believes that the position and responsibilities of the Presiding Independent Director and the regular use of executive sessions of the independent directors without the CEO or other executive officers present, along with the Company's strong committee system and substantial majority of independent directors, allow the Board to maintain effective oversight.

Risk Oversight

The Board and management recognize that effectively monitoring and managing risk are essential to the successful execution of the Company's strategy. The Board reviews strategy regularly with management and provides input to management. 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 acting as a group and the three standing committees of the Board. 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, the Audit Committee and the Compensation Committee all participate in senior executive succession and resource planning. The standing committees also contribute to succession and resource planning oversight for management. The Audit Committee oversees certain financial risks and recommends guidelines to monitor and control such 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 person transactions with directors, executives and managers and may conduct negotiations on behalf of the Company in connection with related person transactions and retain independent advisors to assist it. The Board's risk oversight role is independent from the Company's day-to-day

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management, as more than two-thirds of the current directors are independent and therefore have no conflicts that might discourage critical review of the Company's risks.

Communication with our Board of Directors

Interested parties wishing to write to the Board, a specified director or a committee of the Board should send correspondence to the Office of the Secretary, IPG Photonics Corporation, 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(s) of the Board, the communication shall be forwarded to all members of the Board.

RELATED PERSON TRANSACTIONS

The Board adopted a related person transaction policy that requires the Company's executive officers, directors, nominees for director and owners of more than 5% of the Company's shares to promptly notify the 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. 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 a 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 Corporate 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.

The Nominating and Corporate Governance Committee reviewed and approved the following Related Person Transactions which were conducted on an "arm's length" basis with the Company. Members of the Nominating and Corporate Governance Committee having an interest in a transaction excuse themselves for the consideration and approval of the transaction in which they have an interest.

In 2018, the Company purchased from Veeco Instruments Inc. various equipment, parts and services amounting to approximately \$947,325. Mr. Peeler, a non-employee member of our Board, is the Executive Chairman of Veeco Instruments Inc. For several years before Mr. Peeler was elected to our Board, Veeco Instruments Inc. was a provider of equipment, parts and services to the Company.

Dr. Gapontsev leases the annual right to use 25% of the Company's corporate aircraft under an October 2014 lease (the "2014 Lease"), which was superseded by a new lease signed in July 2017 (the "2017 Lease") in connection with the purchase of a different aircraft. The 2017 Lease expires in July 2022. The annual lease rate under the 2017 Lease is \$924,700 and future rent payments are adjusted annually. Dr. Gapontsev paid the Company \$924,721 in 2018 for use of the aircraft, and in addition directly paid an unrelated flight management firm for the operating costs of his private use, including pilot fees, fuel and other costs.

BOARD OF DIRECTORS

Nominees for Director

The Board currently has set the number of directors at ten. The following table sets forth certain information as of the date of this proxy statement regarding the director nominees. Each of our incumbent directors has been nominated by the Board for election at our 2019 annual meeting.

Valentin P.
Gapontsev, Ph.D.
Director since 1998
Chief Executive Officer and Chairman of the Board
Age 80

Dr. Gapontsev has been the Chief Executive Officer and Chairman of the Board of IPG since our inception. Prior to founding the company in 1990, Dr. Gapontsev 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. 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. In 2011 he received the Russian Federation National Award in Science and Technology, and he was selected as a Fellow of the Optical Society of America. Dr. Gapontsev holds a Ph.D. in Laser Materials from the Moscow Institute of Physics and Technology.

Key Attributes, Experience and Skills

Dr. Gapontsev is the founder of the Company and has successfully led the Company and the Board since the Company was formed. In the roles of Chief Executive Officer and Chairman of the Board, he has been responsible for formulation and execution of IPG's strategy and providing leadership and oversight of IPG's business during a period of rapid and profitable growth, as well as business contractions. 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. His strategic foresight and entrepreneurial spirit along with his deep scientific understanding has guided the Company's continued growth and technology leadership. Under Dr. Gapontsev's leadership, the Company continues to generate strong revenue and earnings growth.

Eugene A.
Scherbakov, Ph.D.
Director since 2000
Chief Operating Officer, Managing Director of IPG Laser GmbH and Senior Vice President of Europe
Age 71

Dr. Scherbakov has served as Chief Operating Officer since February 2017, Managing Director of IPG Laser GmbH, our German subsidiary, since August 2000 and Senior Vice President-Europe since 2013. He 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.

Key Attributes, Experience and Skills

Dr. Scherbakov has extensive knowledge of the Company's business as Managing Director of IPG Laser GmbH, which produces a large volume of our products and is the source of many developments in products, technology and applications. The leadership and operational expertise of Dr. Scherbakov have contributed to IPG increasing production, lowering manufacturing costs and maintaining high margins compared to our industry peers.

He also has extensive technological knowledge of fiber lasers, their 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, sales and customers.

Igor
Samartsev
Director since 2006
Chief Technology Officer

Age 56

Since 2011, Mr. Samartsev has served as our Chief Technology Officer and since 2005, he was the Deputy General Manager of our Russian subsidiary, NTO IRE-Polus. Prior to that time, he served in technical leadership roles at NTO IRE-Polus. Mr. Samartsev holds an M.S. in Physics from the Moscow Institute of Physics and Technology.

Key Attributes, Experience and Skills

Mr. Samartsev is one of the founders of the Company and has a significant management role in the Company as Chief Technology Officer. As one of the key developers of the technology platform of the Company and leader in the development of many new optical technologies and products that form part of the Company's strategic plan, the Board values Mr. Samartsev's understanding of technology developments at our company.

Michael
C.
Child
Director since 2000
Independent Director
Age 64

Nominating and Corporate Governance Committee

Directorship at Other Public Company: Finisar Corporation

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, he was Managing Director. 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. From September 2011 until December 2015, Mr. Child was a Lecturer at the Stanford University Graduate School of Business.

Key Attributes, Experience and Skills

Mr. Child is an established and experienced investor, including in technology companies, from his three decades of experience at TA Associates, Inc., a private equity investment firm. Over the course of his career, he has overseen numerous investments and sales of portfolio companies, and served on the boards of public and private companies. Since June 2010, he has served on the board of Finisar Corporation, a developer and manufacturer of optical subsystems and components for networks. Through his experiences, he has gained valuable knowledge in the management, operations and finance of technology growth companies.

Gregory P.
Dougherty
Director since 2019
Independent Director

Age 59

Audit Committee

Compensation Committee

Directorship at Other Public Company: Infinera Corporation, Fabrinet

Mr. Dougherty served as Chief Executive Officer of Oclaro, Inc., a maker of optical components and modules for the long-haul, metro and data center markets, from June 2013 and has served as a director of Oclaro from April 2009, until its December 2018 acquisition. Mr. Dougherty in January 2019 joined the board of Infinera Corporation, a provider of optical transport networking equipment, software and services to telecommunications service providers and others, and in February 2019 joined the board of Fabrinet, a provider of advanced optical packaging and precision optical, electro-mechanical, and electronic manufacturing services to OEMs of complex products. Prior to Oclaro, Mr. Dougherty served as a director of Avanex Corporation ("Avanex"), a leading global provider of intelligent photonic solutions, from April 2005 to April 2009, when Avanex and Bookham merged to create Oclaro. Mr. Dougherty also served as a director of Picarro, Inc., a manufacturer of ultra-sensitive gas spectroscopy equipment

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using laser-based technology, from October 2002 to August 2013, and as its Interim Chief Executive Officer from January 2002 to April 2004. From February 2001 until September 2002, Mr. Dougherty was the Chief Operating Officer at JDS Uniphase Corporation (“JDS”), an optical technology company. Prior to JDS he was the Chief Operating Officer of SDL, Inc., a maker of laser diodes, from March 1997 to February 2001 when they were acquired by JDS. Mr. Dougherty earned a B.S. in optics from the University of Rochester.

Key Attributes, Experience and Skills

Mr. Dougherty contributes to the Board significant leadership, operations, sales, marketing and general management experience in optics and components. For over three decades, Mr. Dougherty has worked in the optical and components industry and can provide the Board with insight into the industry and conditions in which the Company operates. Having been recently a CEO at a publicly-held company, he is familiar with a large range of management, corporate and board responsibilities and brings valuable perspectives to the board as an independent director.

Henry E.
Gauthier

Director since 2006

Independent Director

Age 78

Audit Committee

Mr. Gauthier served as Chairman of the board of directors of Coherent, Inc., a manufacturer of photonics products, from February 1997 to October 2002 and was its President from 1983 to 1996. Mr. Gauthier served as Vice Chairman of the board of directors of Coherent, Inc. from October 2002 to March 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. Since July 1996, Mr. Gauthier has served as a principal at Gauthier Consulting. Mr. Gauthier attended the United States Coast Guard Academy, San Jose State University, and the Executive Institute of the Stanford University Graduate Business School.

Key Attributes, Experience and Skills

Mr. Gauthier has extensive management and operational experience in the laser industry from over two decades as an executive of a large publicly-held laser company, Coherent, Inc., as well as emerging growth companies such as Reliant Technologies, Inc. He has obtained an in-depth knowledge of operations, manufacturing, sales and markets, and finances through his CEO positions at these laser-related companies. Having been a past 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 and lends this experience to the Company's Board as an independent director.

Catherine

P. Lego

Director since 2016

Independent Director

Age 62

Audit Committee - Audit Committee Financial Expert

Compensation Committee (Chair)

Directorship at Other Public Companies: Lam Research Corporation and Cypress Semiconductor Corporation

Ms. Lego is a professional board member and also provides consulting services to early-stage technology companies. From 1999 to 2009 Ms. Lego served as the general partner of The Photonics Fund, LLP, a venture capital investment firm focused on early stage investing in component, module and systems companies in the fiber optic telecommunications market. She served as the director of finance and investment analyst at Oak Investment Partners

from 1981 to 1984, and as a general partner from 1985 to 1992. Ms. Lego serves on the boards of directors of Lam Research Corporation, a semiconductor equipment company, and Cypress Semiconductor Corporation, a maker of microcontrollers, integrated circuits and memory devices. Ms. Lego holds a B.A. in Economics and Biology from Williams College and an M.S. in Accounting from the New York University Stern Graduate School of Business.

Key Attributes, Experience and Skills

Ms. Lego has extensive experience working with advanced technology and semiconductor companies.

From her current and prior service on the boards of several technology companies as well as her memberships of other audit, compensation and nominating and corporate governance committees, she is familiar with the issues faced and the processes that boards use to manage growth, risk, accounting, acquisitions, due diligence and integration, compensation and investor relations. In addition, she is a frequent speaker on board governance, ethics and audit quality at directors' colleges and events, including the E&Y Tapestry and KPMG audit committee round tables. Ms. Lego is a member of the NACD's Audit Committee Advisory Council. She brings valuable perspectives on the latest developments in audit, compensation and other matters to the Board.

Eric

Meurice

Director since 2014

Independent Director

Age 62

Nominating and Corporate Governance Committee (Chair)

Compensation Committee

Directorship at Other Public Companies: Meyer Burger Technology AG, NXP Semiconductor N.V., SOITEC S.A. and UMICORE S.A.

Mr. Meurice was President and Chief Executive Officer of ASML Holding NV, a provider of semiconductor manufacturing equipment and technology, from October 2004 to June 2013, and Chairman until March 2014. From 2001 to 2004, he was Executive Vice President of the Thomson Television Division of Thomson, SA, an electronics manufacturer. From 1995 to 2001, he served as head of Dell Computer's Western, Eastern Europe and EMEA emerging market businesses. Before 1995, he gained significant technology experience at ITT Semiconductors and at Intel Corporation. Mr. Meurice served on the boards of Verigy Ltd. (a manufacturer of semiconductor test equipment), until its acquisition by Advantest Corporation in 2011, and ARM Holdings plc (a semiconductor intellectual property supplier) from July 2013 to March 2014. He has been on the board of NXP Semiconductors N.V. (a semiconductor company) since April 2014, of UMICORE S.A. (a recycling and materials company), since April 2015, and of SOITEC S.A. (a semiconductor materials manufacturer) since July 2018. He will not stand for re-election at the May 2, 2019 annual general meeting of Meyer Burger Technology AG (an operating mechanical engineering company) where he was a member from May 2018. Mr. Meurice earned a Master's degree in mechanics and energy generation at the Ecole Centrale de Paris, a Master's degree in Economics from la Sorbonne University, Paris, and an M.B.A. from the Stanford University Graduate School of Business.

Key Attributes, Experience and Skills

Mr. Meurice has extensive skills and experience as a manager of several rapidly-growing, complex and global businesses in the capital equipment and electronics fields with several billions of dollars in revenues, most recently as former President and Chief Executive Officer of ASML. He has experience managing a publicly-held company as well as experience on serving on several public company boards in the equipment and technology fields, such as NXP Semiconductor N.V., UMICORE, Verigy, Ltd. and ARM Holdings plc. Mr. Meurice also has a record of proven leadership as a strategic thinker, operator and marketer at the businesses he managed.

John R.

Peeler

Director since 2012

Presiding Independent Director

Age 64

Compensation Committee

Nominating and Corporate Governance Committee

Directorship at Other Public Company: Veeco Instruments Inc.

Mr. Peeler was Chief Executive Officer of Veeco Instruments Inc. ("Veeco") from July 2007 until September 2018, and Chairman of its Board of the Directors since May 2012. He has served as Executive Chairman of Veeco since October 2018. Veeco is a developer and manufacturer of MOCVD, molecular beam epitaxy, ion beam and other advanced thin film processes equipment. He was Executive Vice President of JDS Uniphase Corp. ("JDSU") and President of the Communications Test & Measurement Group of JDSU, which he joined upon the closing of JDSU's

merger with Acterna, Inc. ("Acterna") in August 2005. Before joining JDSU, Mr. Peeler served as President and Chief Executive Officer of Acterna. He has a B.S. and M.E. in Electrical Engineering from the University of Virginia.

Key Attributes, Experience and Skills

Over the course of his career, Mr. Peeler has managed several high-growth technology companies. In addition, he has developed managerial leadership skills through his former position as Chief Executive Officer of Veeco, a publicly-traded company with substantial international operations. His managerial positions have provided him with in-depth knowledge of the service needs of customers in demanding markets, including semiconductor capital equipment, various manufacturing models, marketing and sales. In these roles, he has also been responsible for attracting and incentivizing executives on his team. These experiences have provided him important insights in support of his positions as Presiding Independent Director and a member of the Compensation Committee and the Nominating and Corporate Governance Committee.

Thomas

J. Seifert

Director since 2014

Independent Director

Age 55

Audit Committee (Chair) - Audit Committee Financial Expert

Nominating and Corporate Governance Committee

Directorship at Other Public Company: CompuGroup Medical, SE

Mr. Seifert is Chief Financial Officer of Cloudflare, Inc., an internet performance and security provider, from June 2017 to the present. Since February 2018, he is a member of the board of CompuGroup Medical SE, a publicly held company in Germany, which provides software to support medical and organization activities in medical offices and facilities. Mr. Seifert was the Executive Vice President and Chief Financial Officer of Symantec Corporation, a provider of security, backup and availability solutions, from March 2014 to December 2016. Mr. Seifert served as Executive Vice President and Chief Financial Officer of Brightstar Corporation, a wireless distribution and services company, from December 2012 to March 2014. He was Senior Vice President and Chief Financial Officer at Advanced Micro Devices Inc., a semiconductor company, from October 2009 to August 2012, and served as Interim Chief Executive Officer from January 2011 to September 2012. From October 2008 to August 2009, Mr. Seifert served as Chief Operating Officer and Chief Financial Officer of Qimonda AG, a German memory chip manufacturer, and as Chief Operating Officer from June 2004 to October 2008. He also held executive positions at Infineon AG, White Oak Semiconductor, including the position as Chief Executive Officer, and Altis Semiconductor. Mr. Seifert has a Bachelor's degree and a Master's degree in Business Administration from Friedrich Alexander University and a Master's degree in Mathematics and Economics from Wayne State University.

Key Attributes, Experience and Skills

Mr. Seifert has extensive experience as both an operating executive and chief financial officer of large publicly-held international technology businesses, such as Symantec and Advanced Micro Devices. In these and other senior positions, he developed deep financial and accounting knowledge, as well as managerial leadership skills, in larger organizations. With his background in accounting, finance and management, Mr. Seifert brings broad skills and knowledge to the Board, the Audit Committee, and the Nominating and Corporate Governance Committee including internal controls, mergers and acquisitions and integrations.

Director Independence

Seven of our ten current directors are independent as defined by Nasdaq and SEC rules. A predominantly independent Board ensures that the Board is acting objectively and in the best interests of our stockholders. The independent directors also bring expertise and a diversity of perspectives to the Board. The culture of the Board enables directors to openly express their opinions in the boardroom and to raise challenges. The Nasdaq listing standards governing independence require that a majority of the members of the Board be independent as defined by Nasdaq. The Board conducted its annual review of director independence in March 2019. During this review, the Board examined all direct and indirect transactions or relationships between the Company or any of its subsidiaries and each current director and any immediate family member of the director and determined that no material relationships with the Company existed during 2018. On the basis of this review, the Board determined that each of the following directors qualifies as an independent director as defined in the Nasdaq guidelines and SEC rules: Michael C. Child, Gregory P. Dougherty, Henry E. Gauthier, Catherine P. Lego, Eric Meurice, John R. Peeler and Thomas J. Seifert. The Board had previously determined that Mr. William Hurley, who served on the Board during 2018, was independent. Additionally, the Board has determined that each member of the Audit Committee and the Compensation Committee meets the independence standards specific for members of such committees under Nasdaq guidelines and SEC rules.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee (Ms. Lego and Messrs. Dougherty, Meurice and Peeler) is or has been an officer or employee of our Company or any of our subsidiaries. None of our executive officers served as a member of:

- the compensation committee of another entity in which one of the executive officers of such entity served on our Compensation Committee;
- the compensation committee of another entity in which one of the executive officers of such entity served as a member of our Board; or
- the board of directors of another entity, one of whose executive officers served on our Compensation Committee.

Director Tenure

Since 2012, IPG has undertaken a significant “refresh” of its independent directors. Now, over 70% of our independent directors have seven years or less of service with IPG:

As of June 2019

The average tenure of our independent directors is seven years and the average age of our independent directors is 62 years. Fourteen percent of our independent directors represent gender diversity.

In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee considers the director’s skills and expertise, participation in and contributions to the activities of the Board. We believe that the tenure spectrum of our directors provides an effective mix of deep knowledge and new perspectives. The Board does not believe in a specific limit for the overall length of time an independent director may serve. Directors who have served on the Board for an extended period can provide valuable insight into the operations and future of the Company based on their experience with, and understanding of, the Company’s culture, history and objectives. Our Corporate Governance Guidelines provide that a director is expected to retire at the conclusion of the Board meeting immediately prior to a director’s 72nd birthday. The Board considered the

valuable continuing contribution of Mr. Gauthier and determined that he should remain on the Board in 2019. Mr. Gauthier, the former CEO of a large publicly-held laser developer and manufacturer, and Mr. Child, a former partner of a private equity fund, both have longer service on the Board. We see a strategic advantage from their senior-in-service status. Not only do they bring industry, acquisition and financial experiences, deep institutional knowledge, and historical context to the vitality and growth of IPG, they serve as seasoned and trusted advisors to Dr. Gapontsev and our executives.

Different tenures coupled with an independent and objective Board have served our stockholders well for many years.

PROPOSAL 1: ELECTION OF DIRECTORS

The Nominating and Corporate Governance Committee is responsible for identifying and evaluating nominees for director and for recommending to the Board a slate of nominees for election at the Annual Meeting. The Nominating and Corporate Governance Committee has recommended, and the Board has approved, the persons named as nominees for terms expiring in 2020 and, unless otherwise marked, a proxy will be voted for such nominees.

The stockholders are being asked to elect Dr. Gapontsev, Dr. Scherbakov, Mr. Samartsev, Mr. Child, Mr. Dougherty, Mr. Gauthier, Ms. Lego, Mr. Meurice, Mr. Peeler and Mr. Seifert to terms ending with the annual meeting to be held in 2020, until a successor is elected and qualified or until his or her earlier death, resignation or removal. All of the director nominees set forth in our proxy card have consented to being named in this proxy statement and to serving if elected. For more information regarding the nominees for director, see "Board of Directors."

In considering each director nominee and the composition of the Board as a whole, the Nominating and Corporate Governance Committee considers a diverse group of experiences, qualifications, attributes and skills, including diversity in age, gender, national origin, ethnicity and race, which the Nominating and Corporate Governance Committee believes enables a director nominee to make significant contributions to the Board, IPG and our stockholders.

The current-serving directors, including the nominees, collectively have a mix of various skills and qualifications, some of which are listed in the table below. These collective attributes enable the Board to provide insightful leadership as it strives to advance our strategies and deliver returns to stockholders.

Global Business Experience	Mergers & Acquisitions Experience Experience working on M&A transactions,
Experience working outside the United States and/or with global operations	which provides insight into developing and implementing strategies for our growing businesses
Financial Experience	Public Company CEO Experience
Experience with finance, accounting and/or financial reporting to help drive business strategy, growth and performance, and create stockholder value	Experience as a public company CEO to help us drive business strategy, growth and performance, and create stockholder value
Public Company Board Experience	Capital Allocation Experience
Experience working with publicly-traded companies and	Experience with capital allocation decision-making

corporate governance issues to help us oversee an ever-changing mix of strategic, operational and compliance-related matters

to help us allocate capital efficiently

Strategy Development

Manufacturing and Industry Experience

Experience with the development and oversight of long-term planning

Experience with manufacturing operations and optics/laser industry to help us drive operating performance

The Board does not contemplate that any of the nominees will be unable to stand for election, but should any nominee become unable to serve or for good cause will not serve, all proxies (except proxies marked to the contrary) will be voted for the election of a substitute nominee nominated by the Board.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE
"FOR" ALL OF THE NOMINEES FOR DIRECTOR**

COMMON STOCK OWNERSHIP

The following table provides information about the beneficial ownership of our common stock as of April 1, 2019 by:

- each Named Executive Officer,
- each person who is a director or nominee,
- all executive officers and directors as a group and
- each person or entity known by us to own beneficially more than five percent of our common stock.

Percentage of beneficial ownership is based on 53,108,053 shares of common stock outstanding as of April 1, 2019.

Named Executive Officers and Directors (1)	Shares Owned	Right to Acquire Shares within 60 Days	Total Beneficial Ownership (2)	Percent
Michael C. Child (3)	28,483	42,360	70,843	*
Gregory P. Dougherty	—	—	—	*
Valentin P. Gapontsev, Ph.D. (4)	7,203,935	—	7,203,935	13.6%
Henry E. Gauthier	15,104	9,359	24,463	*
Catherine P. Lego	5,691	8,356	14,047	*
Angelo P. Lopresti (5)	16,471,612	45,647	16,517,259	31.1%
Timothy P.V. Mammen	27,026	35,087	62,113	*
Eric Meurice	7,813	18,782	26,595	*
Alexander Ovtchinnikov, Ph.D. (5)	16,506,119	23,155	16,529,274	31.1%
John R. Peeler	7,004	22,359	29,363	*
Igor Samartsev (6)(7)	907,569	12,037	919,606	1.7%
Eugene Scherbakov, Ph.D. (5)(6)	16,448,854	37,446	16,486,300	31.0%
Thomas J. Seifert	6,331	6,458	12,789	*
All executive officers and directors as a group (15 persons)	17,763,627	328,978	18,092,605	33.9%
Other >5% Stockholders				

Valentin Gapontsev Trust I (1)(2)(8)	14,580,003	—	14,580,003	27.5%
IP Fibre Devices (UK) Ltd. (1)(2)(9)	7,014,004	—	7,014,004	13.2%
The Vanguard Group (10)	3,707,827	—	3,707,827	7.0%

* Less than 1.0%

1.The contact address for each person or entity is in care of IPG Photonics Corporation, 50 Old Webster Road, Oxford, Massachusetts 01540.

2.In accordance with SEC rules, beneficial ownership includes any shares for which a person or entity has sole or shared voting power or investment power and any shares for which the person or entity has the right to acquire beneficial ownership within 60 days after April 1, 2019 through the exercise of any option or the vesting of a restricted stock unit.

3.Includes 3,274 shares held in the name of Jewell Partners LLC, in which Mr. Child is partial owner and Managing Member.

4.Includes 7,014,004 shares beneficially owned by IP Fibre Devices (UK) Ltd. ("IPFD"), of which Dr. Gapontsev is the sole managing director. Dr. Gapontsev has sole voting and investment power with respect to the shares held of record by IPFD and has a 3% economic interest in IPFD.

5.Includes (a) 7,565,999 shares owned of record by Valentin Gapontsev Trust I ("Gapontsev Trust I"), (b) 7,014,004 shares owned of record by IPFD which may be deemed to be beneficially owned by Gapontsev Trust I (see notes 8 and 9 below), (c) 900,451 shares beneficially owned by Valentin Gapontsev Trust II ("Gapontsev Trust II"), and (d) 956,950 shares beneficially owned by Valentin Gapontsev Trust III ("Gapontsev Trust III"), because such person is a trustee of each trust. Gapontsev Trust I, Gapontsev Trust II and Gapontsev Trust III were formed by CEO Valentin Gapontsev.

6.Each such person has an 8% economic interest in IPFD but does not possess voting or investment power with respect to such interest. Each such person disclaims beneficial ownership of the shares held by IPFD except to the extent of his economic interest therein.

7.Includes 549,650 shares held by the spouse of Mr. Samartsev and family trusts formed by her and 10,000 shares held by the mother of Mr. Samartsev's spouse. Mr. Samartsev disclaims beneficial ownership of such shares.

8.Includes 7,014,004 shares beneficially owned by IPFD, in which Gapontsev Trust I has a 48% economic interest. Gapontsev Trust I disclaims beneficial ownership of the shares held by IPFD except to the extent of its economic interest therein. See note 9 below.

9.Dr. Gapontsev has sole voting and investment power with respect to the shares held of record by IPFD. The following officers and directors of the Company or related parties have economic interests in IPFD: Gapontsev Trust I (48%), Dr. Gapontsev (3%), Mr. Samartsev (8%), Dr. Scherbakov (8%) and Gapontsev Trust III (2%). Each such person and entity (other than Dr. Gapontsev) does not possess voting or investment power with respect to such interest and each disclaims beneficial ownership of the shares held by IPFD except to the extent of his or its economic interest therein.

10.The address of The Vanguard Group is 100 Vanguard Boulevard, Malvern, PA 19355. Based solely on a Schedule 13G filed with the SEC on February 13, 2019.

EXECUTIVE OFFICERS

The following table sets forth certain information regarding our executive officers as of April 5, 2019.

Name	Age	Position
Valentin P. Gapontsev, Ph.D.	80	Chief Executive Officer and Chairman of the Board
Eugene A. Scherbakov, Ph.D.	71	Chief Operating Officer, Managing Director of IPG Laser GmbH, Senior Vice President, Europe and Director
Timothy P.V. Mammen	49	Chief Financial Officer and Senior Vice President
Angelo P. Lopresti	55	General Counsel, Secretary and Senior Vice President
Alexander Ovtchinnikov, Ph.D.	58	Senior Vice President, Components
Trevor D. Ness	46	Senior Vice President, World Wide Sales and Marketing
Igor Samartsev	56	Chief Technology Officer and Director
Felix Stukalin	57	Senior Vice President, North America Operations

The biographies of Dr. Gapontsev, Dr. Scherbakov and Mr. Samartsev are presented on pages 20 and 21 of this proxy

statement. The biographies of our other executive officers are presented below.

Timothy P.V. Mammen has served as our Chief Financial Officer since July 2000 and as Vice President since November 2000. He was promoted to Senior Vice President in February 2013. Between May 1999 and July 2000, Mr. Mammen served as the Group Finance Director and General Manager of the United Kingdom operations for IPFD. Mr. Mammen was Finance Director and General Manager of United Partners Plc, a commodities trading firm, from 1995 to 1999 and, prior to that, he worked in the finance department of E.I. du Pont de Nemours and Company. Mr. Mammen holds an Upper Second B.Sc. Honours degree in International Trade and Development from the London School of Economics and Political Science. He is a Chartered Accountant and a member of the Institute of Chartered Accountants of Scotland.

Angelo P. Lopresti has served as our General Counsel and Secretary and one of our Vice Presidents since February 2001. He was promoted to Senior Vice President in February 2013. Prior to joining us, Mr. Lopresti was a partner at the law firm of Winston & Strawn LLP from 1999 to 2001. He was a partner at the law firm of Hertzog, Calamari & Gleason from 1998 to 1999 and an associate there from 1991 to 1998. He is on the board of Coastway Bancorp, Inc., the holding company of Coastway Community Bank. Mr. Lopresti holds a B.A. in Economics from Trinity College and a J.D. from the New York University School of Law.

Alexander Ovtchinnikov, Ph.D., has served as our Vice President, Components, since September 2005 and as Director of Material Sciences from October 2001 to September 2005. He was promoted to Senior Vice President in February 2013. Prior to joining us, Dr. Ovtchinnikov was Material Science Manager of Lasertel, Inc., a maker of high-power semiconductor lasers, from 1999 to 2001. For 15 years prior to joining Lasertel, Inc., he worked on the development and commercialization of high power diode pump technology at the Ioffe Institute, Tampere University of Technology, Coherent, Inc. and Spectra-Physics Corporation. He holds an M.S. in Electrical Engineering from the Electrotechnical University of St. Petersburg, Russia, and a Ph.D. from Ioffe Institute of the Russian Academy of Sciences.

Trevor D. Ness has served as our Senior Vice President, World Wide Sales and Marketing since February 2013. From January 2011 until February 2013, he served as our Vice President-Asian Operations. Prior to joining us, Mr. Ness was Director of GSI Precision Technologies China from May 2005 to December 2010 and prior to that he held technical sales management roles with GSI Group, Inc. and Cobham Plc, located in UK, Japan and Taiwan. Mr. Ness holds a B.S. in Geology from Imperial College, a H.N.C. from Bournemouth University and an M.B.A. from The Open University.

Felix Stukalin has served as our Senior Vice President, North America Operations since February 2013. From March 2009 until February 2013, he served as our Vice President, Devices. Prior to joining us, he was Vice President, Business Development of GSI Group Inc. from April 2002 to September 2008, and from March 2000 to April 2002 he was Vice President of Components and President of the Wave Precision divisions of GSI Lumonics, Mr. Stukalin holds a B.S. in Mechanical Engineering from the University of Rochester and he is a graduate of the Harvard Business School General Management Program.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides a review of our executive compensation philosophy and program, and Compensation Committee decisions for fiscal 2018. The discussion in this section focuses on the compensation of the "Named Executive Officers" or "NEOs" for fiscal 2018, who were:

- Valentin P. Gapontsev, Ph.D., our Chairman and Chief Executive Officer
- Eugene Scherbakov, Ph.D., our Chief Operating Officer, the Managing Director of IPG Laser GmbH, our subsidiary, and Senior Vice President, Europe
- Timothy P.V. Mammen, our Senior Vice President and Chief Financial Officer
- Angelo P. Lopresti, our Senior Vice President, General Counsel and Secretary
- Alexander Ovtchinnikov, Ph.D., our Senior Vice President, Components

Summary of Executive Compensation Pay Practices

The guiding principles of our executive compensation philosophy and practice continue to be pay-for-performance, accountability for annual and long-term performance, alignment to stockholders' interests, and providing competitive pay to attract and retain executives. We believe our compensation program strikes the appropriate balance between utilizing responsible, measured pay practices and effectively incentivizing our executives to dedicate themselves fully to value creation for our stockholders.

Executive Compensation Design

Our executive compensation program is designed to focus executive officers on both annual and long-term financial and operational performance, without encouraging unnecessary risk. The following graphs show approximately 36 percent of the CEO's total direct compensation and approximately 79 percent of the average total direct compensation of all of the other NEOs' compensation, as reflected in the 2018 column of the Summary Compensation Table, is at risk.

Our CEO, the Company's founder, does not receive long-term incentives because of his significant level of common stock ownership, which the independent directors believe provides him sufficient incentives to act in the best long-term interest of our stockholders. As a result, a smaller percentage of his total compensation is performance-based as compared to the chief executives of our peer companies who typically receive additional compensation in the form of substantial long-term incentives.

CEO Other
 NEOs

The performance-based stock unit awards in the chart above are presented at target based upon grant date fair value.

The following provides details on the components of our executive compensation program:

Compensation Element	Objective
Base Salary	<ul style="list-style-type: none"> <li data-bbox="443 285 884 909"> <p>Provide a competitive fixed component of cash compensation to attract and retain talented and experienced executives with the knowledge and skills necessary to achieve the Company's strategic business objectives.</p> <li data-bbox="443 926 884 1339"> <p>• The Compensation Committee uses the services of an independent compensation consultant to assess the base salaries as compared to a competitive target range of the Company's peer group.</p> <li data-bbox="443 1356 884 1904"> <p>• The Compensation Committee considers these factors when setting base salaries of the executive officers: scope of the executive's responsibilities, contributions, skills, knowledge, experience, seniority and annual and long-term Company performance.</p>

Annual Incentive Plan	<p>Offer a variable cash compensation opportunity earned based upon the level of achievement</p> <ul style="list-style-type: none">• of challenging corporate goals, with additional compensation opportunity based upon individual performance.	<p>Foster a shared commitment among executives through establishment of uniform Company financial goals.</p> <ul style="list-style-type: none">•
Long-Term Incentives	<p>Align interests of our executives and stockholders by motivating</p> <ul style="list-style-type: none">• executive officers to increase long-term stockholder value.	<p>Award payouts are subject to a cap of 225% of target in a performance period.</p> <ul style="list-style-type: none">• <p>Service-based equity awards include stock options and restricted stock units. They offer certainty and long-term retention while providing additional compensation</p>

	<ul style="list-style-type: none"> • opportunity based upon increased stock price levels. Stock options further align executives with the long-term growth of stockholder value. • Performance-based stock units provide additional incentive to our NEOs (other than the CEO) and are earned based on IPG's total stockholder return relative to a broad stock market index. • Enhance retention with vesting over four years.
401(k) Retirement Savings Plan	<ul style="list-style-type: none"> • Provides participants the opportunity to defer a portion of their compensation and receive a company match of 50% of deferrals subject to a maximum of 6% of eligible compensation. • The plan is available to all eligible U.S. employees.
Pension Plan	<ul style="list-style-type: none"> • We provide no pension plan or deferred compensation plan.
Perquisites	<ul style="list-style-type: none"> • Perquisites are limited.
Say-On-Pay	

At our 2017 annual meeting of stockholders, our stockholders overwhelmingly approved our executive compensation structure in a "say-on-pay" advisory vote, voting 98% percent in favor of our executive compensation structure. At our stockholders meeting in 2017, the advisory proposal to hold "say-on-pay" advisory votes every three years received the greatest amount of votes and, therefore, we elected to submit the advisory "say-on-pay" proposal to our stockholders on a triennial basis. Accordingly, the next "say on pay" advisory vote is being held at our annual meeting of stockholders to be held in 2020.

2018 Base Salaries

We provide base salary to our NEOs and other employees to compensate them for services rendered on a day-to-day basis during the fiscal year. Unlike annual cash incentives and long-term equity incentives, base salary is not subject to performance risk. The Compensation Committee reviews information provided by its compensation consultant and considers the experience, skills, seniority, knowledge and responsibilities of the executive and the individual's performance assessment provided by the CEO to assist it in evaluating base salary for each NEO. With respect to the CEO, the Compensation Committee additionally considers the performance of the Company as a whole in its recommendation to the independent directors, who set CEO compensation.

In 2018, the Compensation Committee evaluated the base salaries and total cash compensation for the NEOs with the assistance of Radford. The Compensation Committee reviewed Radford's assessment in connection with positioning the midpoint of the Company's target total cash compensation range near the 65th percentile of our peer group. Following 2017, a year of 40% revenue growth, salaries were increased in 2018, reflecting the larger size and complexity of the Company in 2018. Dr. Gapontsev received an increase in base salary of 12% bringing his base salary in line with the market 65th percentile of our peer group, which also factored in the fact that the Compensation Committee does not grant any equity awards to Dr. Gapontsev. Likewise, the salary of Dr.

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Scherbakov increased approximately 26% to €550,900 (which was then equivalent to \$679,400), which also factored in his additional management responsibilities related to his appointment as Chief Operating Officer in February 2018. Finally, the Compensation Committee approved merit increases of 5% for the base salaries of Messrs. Mammen, Ovtchinnikov and Lopresti.

2019 Update. In light of challenging macroeconomic conditions continuing into 2019, the independent directors accepted the Compensation Committee's recommendation to not increase the base salary of the CEO and the Compensation Committee concurred with the CEO's recommendation to not increase the base salaries of the other NEOs in 2019.

2018 Cash Incentive Awards

To focus each executive on the importance of the Company's performance, a significant portion of the individual's potential short-term compensation is in the form of annual cash incentive pay that is tied to the achievement of goals set by the Compensation Committee. Our NEOs participate in our Senior Executive Annual Incentive Plan (the "AIP") administered by the Compensation Committee. The Compensation Committee determines who is eligible to receive awards under the AIP, defines performance goals and objectives for executives, establishes target awards for each participant for the relevant performance period, and determines the percentage of the target award that should be allocated to the achievement of each of the chosen performance goals in consultation with the CEO with respect to other executives. The target award percentages established by the Compensation Committee are chosen with input from the compensation assessment conducted by Radford and the seniority level of the executive.

Consistent with prior years, in 2018 the Compensation Committee identified two financial performance measures: net sales and adjusted EBIT and assigned a 50% weighting factor to each financial performance goal. Non-GAAP "Adjusted EBIT" is an internally defined performance measure that is derived from GAAP net income by adding back the provision for income taxes, interest expense and stock-based compensation expenses and deducting interest income. Adjusted EBIT excludes stock-based compensation expenses as they can vary substantially from period to period due to changes in the stock price, compensation practice and structure as well as the number of equity grants in the year, which are variables that are not under the control of the executives. We believe the use of non-GAAP Adjusted EBIT is a useful measure allowing the Compensation Committee to compare and reward operational performance on a more consistent basis without significant variations arising from income taxes, interest income or expense and stock-based compensation. The Compensation Committee intentionally focused on net sales growth and pretax profits so that our executives would be incentivized to deliver the types of growth that benefit our stockholders, namely increasing sales and profits.

Under the 2018 AIP, the NEOs could receive cash incentive payments in the table below as a percentage of base salaries based upon achievement of the minimum to maximum objectives for both financial performance measures and individual performance. If the financial performance exceeds one or more of the stretch objectives the incentive payments to the NEOs would be limited at 200% of the financial performance target payout. If both minimum financial objectives established by the Compensation Committee in 2018 are not met, the Compensation Committee has the discretion to grant an award for individual performance. The Compensation Committee also has the discretion to reduce the payments for attainment of revenue targets and individual performance measures if the Company incurs earnings losses. The individual goals and objectives for the CEO include operational and strategic targets determined by the independent directors.

The overall target awards in the table below are a percentage of the respective base salaries. The company-wide financial objectives are the same for all executive officers in order to foster a shared commitment among them.

Name	Target as % of Base Salary	Financial Performance Minimum	Financial Performance Maximum	Individual Performance Maximum	Maximum Award Payout (1)	Target Award (\$)(2)	Actual Payout (\$)
Valentin P. Gapontsev, Ph.D.	110%	20.63%	220.0%	27.50%	225%	1,023,000	568,000

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Eugene A. Scherbakov, Ph.D.	100%	18.75%	200.0%	25.00%	225%	679,400	351,800
Timothy P.V. Mammen	80%	15.00%	160.0%	20.00%	225%	384,960	213,700
Angelo P. Lopresti	80%	15.00%	160.0%	20.00%	225%	353,680	196,400
Alexander Ovtchinnikov	80%	15.00%	160.0%	20.00%	225%	350,480	194,600

1. Maximum award payout includes both financial and individual payouts presented as a percentage of the financial target award.

2. Target award includes both financial and individual performance targets.

While financial performance targets were intended to be achievable by the Company, a maximum bonus would require very high levels of Company performance. The Compensation Committee excluded the acquisition of

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Genesis Systems Group, LLC and other acquisitions occurring in 2018 and significant unbudgeted legal expenses from the calculation of the 2018 bonus. The target levels for net sales and Adjusted EBIT were \$1,619 million and \$649 million, respectively, representing 15% and 9% increases, respectively, from prior year levels. The Compensation Committee's adjusted minimum and stretch targets for net sales were \$1,409 million and \$1,832 million, and for Adjusted EBIT were \$521 million and \$733 million.

After adjustments, the Company achieved net sales of \$1,449 million and Adjusted EBIT of \$550 million. These results represented a 3% increase in net sales and a 9% decrease in Adjusted EBIT from 2017 levels. Following the high growth of 2017, the Company faced a challenging macroeconomic environment in 2018, affecting our two largest regions, Europe and China, exacerbated by the U.S.-China trade conflict, escalating tariffs and increased customer uncertainty. During the year, the Company continued to invest in future development and infrastructure which, together with the impact of increased price competition, lowered margins and earnings. Both net sales and Adjusted EBIT were below target levels but above threshold levels set by the Compensation Committee. The independent directors set the individual goals and objectives for the CEO in 2018 and reviewed the CEO's attainment of the goals. As a result of this process, the independent directors awarded the CEO 27.5% of his base salary for his individual performance during 2018. The Compensation Committee, with input from the CEO, awarded the Chief Operating Officer 25.0% of his base salary and the other NEOs 20% of their respective base salaries for their individual performances in 2018.

The Compensation Committee may award discretionary bonuses to executives for exceptional performance. For 2018, the Compensation Committee did not exercise this right.

2019 Update. In February 2019, the Committee approved annual financial targets and incentive payouts to the NEOs for the fiscal year 2019 AIP. The financial performance targets have changed for the 2019 AIP, but the incentive payout targets as a percentage of salary have not changed from the 2018 AIP.

Equity-Based Incentives Granted in 2018

The goal of our equity-based award program is to provide employees and executives with the perspective of an owner with a long-term financial stake in our success, further increasing alignment with stockholders. Our equity-based incentives align the interests of our executives and stockholders by motivating executives to increase long-term stockholder value.

In 2018, our equity-based award program for executives included service-based stock options (33%), service-based restricted stock units (33%), and performance-based stock units (at target, 33%). The type and proportion of the equity grants reflected a 2018 review by our Compensation Committee with the assistance of Radford of grant practices at peer companies. The value of stock options, restricted stock units and performance-based stock units are tied to the Company stock price which links pay to performance.

Consistent with our pay-for-performance philosophy, the service-based stock option awards have no value unless our stock price increases after the grant date. Another reason why we use service-based stock options is because it fosters an innovative environment focused on long-term growth of the Company and creation of increased stockholder value. In 2018, the Compensation Committee decided to compare performance of the Company's stock to the Russell 3000 Index, which includes the Company. This directly aligns executives' compensation with stockholders interest because the number of shares earned depends upon performance against the Russell 3000 Index and the value of the shares fluctuates based on the stock price. For each 1% that IPG's common stock exceeds the performance of the Russell 3000 Index for the trailing 60 trading days from the end of the performance measurement period (March 1, 2021) against the comparable period from the beginning of the performance measurement period (March 1, 2018), the grant recipient would receive a 2% increase in the number of shares above target (up to a maximum share cap of 200% of the target award).

For each 1% below the Russell 3000 Index's performance, the grant recipient would receive a 2% decrease in the number of shares (down to zero). In addition, NEOs cannot receive a number of shares that exceeds 600% of the value of the target award on the date of grant. The vesting date is March 1, 2021, should any performance-based stock units vest at all.

In 2018, the Compensation Committee targeted granting equity compensation near the 65th percentile of the target compensation of our peer group, balancing the perspective of delivering competitive compensation based upon

Black-Scholes option pricing values and Monte Carlo simulations for performance-based stock units. The Compensation Committee analyzed several aspects of the equity grant program, including (i) the "in the money" value, the degree to which executives have incentives to remain employed by the Company through unvested option values, and (ii) the aggregate equity usage in terms of (a) annual usage, typically called burn rate, and (b) cumulative equity delivery, typically called overhang, to determine the dilutive effect of equity awards on

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investors. The majority of outstanding equity award holdings of the executives were allocated to unvested shares in the aggregate, and all such executives had a minimum of two years' worth of annual award values in unvested equity value. Based upon this information, Radford advised the Compensation Committee that our equity program provides strong retention incentives.

Since the Company's initial public offering in 2006, the Compensation Committee has not granted the CEO any equity compensation awards. As the Company's founder and the beneficial owner of a large number of our shares, he has the perspective of an owner with a significant financial stake in the Company's success and a long-term outlook. This practice has resulted in substantially lower total compensation earned by our CEO as compared to the chief executives of our named peers despite our outstanding business and earnings growth. In addition, this practice results in a lower compensation expense and lower equity burn rate for the Company.

The table below provides information on grants of service-based stock options, service-based restricted stock units and performance-based stock units to the NEOs in 2018. All awards in the table below vest 25% on each anniversary of March 1, 2018, except for the performance-based stock units which vest on March 1, 2021.

Name	Service-Based Stock Options (#)	Exercise Price (\$)	Service-Based Restricted Stock Units (#)	Performance-Based Stock Units (at Target) (#)	Performance-Based Stock Units Range (Based upon Achievement) (#)
Valentin P. Gapontsev, Ph.D.	—	—	—	—	—
Eugene A. Scherbakov, Ph.D.	13,744	239.72	4,014	4,014	0 - 8,028
Timothy P.V. Mammen	6,642	239.72	1,940	1,940	0 - 3,880
Angelo P. Lopresti	5,786	239.72	1,690	1,690	0 - 3,380
Alexander Ovtchinnikov	5,734	239.72	1,674	1,674	0 - 3,348

The Compensation Committee believes that vesting of awards of service-based options and restricted stock units over four years provides a strong incentive for executives to remain employed by us and to focus on increasing our financial performance over the long-term, while discouraging excessive short-term risk taking. The Compensation Committee believes that performance-based stock units should vest over three years, rather than four years, because having a four-year performance period would reduce the utility of the performance award and not properly align pay with performance. Service-based restricted stock units granted in 2018 may be entitled to dividends, should any be paid, at the discretion of the Compensation Committee. Any dividends on shares underlying the performance-based stock units do not vest until the performance-based stock units vest.

2019 Update. The Compensation Committee approved the grant of service-based stock options and restricted stock units and performance-based stock units to the NEOs (other than the CEO) in February 2019.