



IPG Photonics Corporation

Audit Committee of the Board of Directors

Committee Charter

I. PURPOSE

The Audit Committee (the “Audit Committee”) is established by and among the Board of Directors (the “Board”) of IPG Photonics Corporation (the “Company”) for the primary purpose of assisting the Board in:

- ◇ Overseeing the integrity of the Company’s financial statements and the Company’s accounting and financial reporting processes
- ◇ Overseeing the Company’s independent auditor’s qualifications and independence
- ◇ Overseeing the performance of the Company’s independent auditor
- ◇ Overseeing the Company’s systems of disclosure controls and procedures, internal controls over financial reporting.

Consistent with these responsibilities, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures, and practices at all levels. The Audit Committee should also provide for open communication among the independent auditor, financial and senior management and the Board. The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate to perform its duties and responsibilities.

The Company will provide appropriate funding, as determined by the Audit Committee, for compensation to the independent auditor, to any advisors that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this charter. The Audit Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

II. COMPOSITION AND MEETINGS

The Audit Committee will comprise three or more directors as determined by the Board. Each Audit Committee member will be a person other than an officer or employee of the

Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. All committee members must be independent, including being free of disallowed compensation agreements, under all applicable rules and regulations.

All members of the committee must comply with all financial literacy requirements of the securities exchange(s) on which the Company is listed. The Board will determine whether at least one member of the committee qualifies as an “Audit Committee financial expert” in compliance with the criteria established by the SEC. The existence of such a member, including his or her name and whether or not he or she is independent, will be disclosed in periodic filings as required by the SEC. Committee members are encouraged to enhance their familiarity with finance and accounting by participating in educational programs, including those conducted by the Company or outside consultants.

The members of the committee will be elected by the Board at the annual organizational meeting of the Board to serve until their successors are elected. Unless a chairperson is elected by the full Board, the members of the committee may designate a chairperson by majority vote.

The committee will meet as often as necessary to discharge their duties, but not less frequently than quarterly. Each regularly scheduled quarterly meeting will conclude with an executive session of the committee absent members of management.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee will:

Documents/Reports/Accounting Information Review

1. Review this charter periodically, at least annually, and recommend to the Board any necessary amendments.
2. Review and discuss with management and the independent auditor the Company’s annual financial statements, quarterly financial statements (prior to the Company’s 10-Q filings or release of earnings), and all internal controls reports (or summaries thereof). Review other relevant reports or financial information submitted by the Company to any governmental body, including management certifications as required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor (or summaries thereof).
3. Recommend to the Board whether the financial statements should be included in the annual report on Form 10-K.

Independent Auditor

4. Appoint (and recommend that the Board submit for shareholder ratification, if applicable), compensate, retain, and oversee the work performed by the independent auditor for the purpose of preparing or issuing an audit report or related work. Review the performance of the independent auditor and remove the independent auditor if circumstances warrant. The independent auditor will report directly to the Audit Committee and the Audit Committee will oversee the resolution of disagreements between management and the independent auditor if they arise.

Consider whether the auditor's performance of permissible nonaudit services is compatible with the auditor's independence. Discuss with the independent auditor the matters required to be discussed under the Public Company Accounting Oversight ("PCOAB") Ethics and Independence Rule 3526, *Communications with Audit Committees Concerning Independence*.

5. Review with the independent auditor any relevant issues encountered during their engagement and management's response; review the independent auditor's attestation and report on the Company's internal control over financial reporting, from the time that such reports are prepared as applicable or as required; and hold timely discussions with the independent auditor regarding the following:
 - ◇ All critical accounting policies and practices
 - ◇ All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
 - ◇ Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
6. At least annually, obtain and review a report by the independent auditor describing all relationships between the independent auditor and the Company, and addressing the matters set forth in PCAOB Ethics and Independence Rule. This report should be used to evaluate the independent auditor's qualifications, and independence.
7. Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take, or recommend that the full Board take, appropriate actions to oversee the independence of the outside auditor.
8. Review and pre-approve (which may be pursuant to pre-approval policies and procedures) both audit and nonaudit services to be provided by the independent auditor. The authority to grant pre-approvals may be delegated to one or more

designated members of the Audit Committee whose decisions will be presented to the full Audit Committee at its next regularly scheduled meeting. Approval of nonaudit services will be disclosed to investors in periodic reports required by Section 13(a) of the Securities Exchange Act of 1934.

9. Set policies, consistent with governing laws and regulations, for hiring personnel of the independent auditor

Financial Reporting Processes, Accounting Policies, and Internal Control Structure

10. In consultation with the independent auditor, review the integrity of the organization's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls and procedures and internal control over financial reporting).
11. Receive and review any disclosure from the Company's CEO or CFO made in connection with the certification of the Company's quarterly and annual reports filed with the SEC of: a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
12. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls.
13. Review analyses prepared by management (and the independent auditor as noted in item 5 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
14. Establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
15. Establish procedures for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters.

Other Responsibilities

16. Establish, review, and update periodically a code of business conduct and ethics and determine whether management has established a system to enforce this code.

17. Review with the independent auditor, the internal auditing department, if any, and management the extent to which changes or improvements in financial or accounting practices have been implemented.
18. Prepare the report that the SEC requires be included in the Company's annual proxy statement.
19. Establish and review periodically the Company's investment policy, periodically review compliance with it, and review periodically tax-related matters.
20. Perform any other activities consistent with this charter, the Company's bylaws, and governing law, as the Board deems necessary or appropriate.

Adopted: 2/26/08

Amended: 3/5/08

Amended: 4/30/09