rofin

MADE BY LIGHT

ANNUAL REPORT | GESCHÄFTSBERICHT

2011

ABOUT US | ÜBER UNS

ROFIN-SINAR TECHNOLOGIES INC.

ADDING VALUE TROUGH LIGHT

The Vision & Mission.
Light, when used as a manufacturing tool, is fascinating; it offers a virtually infinite potential of applications in materials processing. At ROFIN, our mission is to create sustainable value by pioneering key innovative technologies and production solutions.

The Company.
For more than 35 years, our focus has been to develop advanced production methods for a wide variety of industrial applications. ROFIN is one of the leading global players in the industrial laser material processing sector and possesses one of the industry's broadest product and technology portfolios. Headquartered in Plymouth, MI, and Hamburg, Germany, our Company maintains more than 20 production facilities in the US, Europe and Asia as well as an extensive global sales and service network. Innovative laser technology from ROFIN is currently being used in many traditional and emerging industries worldwide.

The Strengths.
With a steady focus on our core competencies, we offer our clients both standard and customized production solutions based on a comprehensive range of products and technologies. Our in-depth technology and applications know-how benefits our large and diverse customer base in numerous end-markets. Close cooperation with our clients provides us with sector-specific market insight and essential expertise in the requirements and developments of each market. ROFIN has a highly esteemed brand name and a current installed base of more than 42,000 laser units. Our well-structured sales and service network ensures that our clients around the world receive the best possible support. The ROFIN management team has extensive international experience and ROFIN's highly qualified employees are committed to our and our customers' success.

The Growth Strategy.
The core objectives of our growth strategy are to expand into new industries and applications, driving new laser products through technological innovation, broadening our customer footprint, and leveraging cross-selling opportunities among our business units. Acquisitions of select complementary business segments, technologies or product portfolios provide an additional channel of growth.

The Shares.
ROFIN's shares trade on the NASDAQ Global Select Market under the symbol RSTI and are listed in Germany in the "Prime Standard" segment of the Frankfurt Stock Exchange under ISIN US7750431022. ROFIN is part of the Standard & Poor's SmallCap 600 Index and the Russell 2000 Index.

MIT LICHT WERTE SCHAFFEN

Die Vision & Zielsetzung.
Licht als „Werkzeug“ ist faszinierend: es bietet ein nahezu unbegrenztes Anwendungspotential in der Materialbearbeitung. Unser Ziel ist die Schaffung nachhaltiger Werte durch die Entwicklung neuer Schlüsseltechnologien und Produktionslösungen.

Das Unternehmen.
Seit über 35 Jahren konzentriert sich unser Unternehmen auf die Entwicklung fortschrittlicher Fertigungsmethoden für eine Vielzahl industrieller Anwendungen. ROFIN ist einer der führenden Global Player im Bereich der Lasermaterialbearbeitung und besitzt eines der breitesten Produkt- und Technologieportfolios im Markt. Mit Hauptsitzen in Plymouth, MI (USA), und Hamburg, verfügen wir über mehr als 20 Produktionsstätten in den USA, Europa und Asien sowie über ein umfangreiches Vertriebs- und Servicenetz rund um den Globus. Innovative Lasertechnologie von ROFIN wird heute weltweit in vielen etablierten Industrien und Wachstumsbranchen genutzt.

Die Stärken.
Wir fokussieren uns konsequent auf unsere Kernkompetenzen und bieten standardisierte und kundenspezifische Produktionslösungen auf breiter Produkt- und Technologiebasis. Von unserem tief greifenden Technologie- und Applikationswissen profitiert ein großer Kundenstamm in vielen diversifizierten Endmärkten. Eine enge Kooperation mit unseren Kunden gewährleistet die Marktnähe, die für eine fundierte Kenntnis der Marktbedürfnisse und -entwicklungen notwendig ist. ROFIN ist eine Marke mit sehr hoher Akzeptanz und einer derzeit installierten Laserbasis von über 42.000 Einheiten. Unser gut strukturiertes Vertriebs- und Servicenetzwerk garantiert unseren Kunden in aller Welt die bestmögliche Betreuung. ROFIN hat ein international sehr erfahrenes Management sowie ein hoch qualifiziertes Mitarbeiterteam, das sich für unseren und den Erfolg unserer Kunden engagiert.

Die Wachstumsstrategie.
Die Kernziele unserer Wachstumsstrategie liegen in der Eröffnung neuer Industrien und Anwendungen, der Entwicklung neuer Laserprodukte durch technologische Innovation, der Erweiterung unserer Kundenbasis sowie der Nutzung der Cross-Selling-Effekte in den verschiedenen Geschäftsbereichen. Die Akquisition ausgewählter komplementärer Geschäftsfelder, Technologien oder Produktportfolios bietet zusätzliches Wachstumspotential.

Die Aktie.
Die ROFIN-Aktie ist am NASDAQ Global Select Market unter dem Kürzel RSTI und im Prime Standard der Frankfurter Wertpapierbörse unter der ISIN US7750431022 notiert. ROFIN wird im Standard & Poor's SmallCap 600 und im Russell 2000 Index geführt.

LASERS LIGHT UP OUR LIFE

It took nearly half a century for Einstein's initial research in 1917 to develop into the remarkable device that we now call the LASER. Today, lasers are ingenious tools enriching almost every aspect of our daily lives. There are an infinite number of 'everyday' objects that result from lasers being used in manufacturing processes.

Would you ever have imagined that your wrist watch, wine glass, shoe leather, golf club head, smartphone, or the housing around your car key would all have been processed using lasers?

That is what makes light such a fascinating tool!

LASER BEREICHERN UNSER LEBEN

Von Einsteins physikalischen Grundlagen im Jahre 1917 bis zur Entwicklung dieses außergewöhnlichen Gerätes, genannt LASER, verging fast ein halbes Jahrhundert. Heute sind Laser geniale Werkzeuge, die unser tägliches Leben in vielerlei Hinsicht bereichern. Unzählige unserer Alltagsgegenstände resultieren aus Fertigungsverfahren mittels Lasern.

Hätten Sie es für möglich gehalten, dass Ihre Armbanduhr, Ihr Weinglas, das Leder Ihrer Schuhe, der Kopf Ihres Golfschlägers, Ihr Smartphone oder das Gehäuse Ihres Autoschlüssels alle unter Verwendung von Lasern entstanden sind?

Das macht Licht zu einem so faszinierenden Werkzeug!

FOR ULTIMATE DELIGHT – LASER LIGHT

Perfect in form and design: After the glass is formed, excess material is removed and the design is refined by laser.

Vollendet in Form und Design: Nach dem Glasformen wird das überflüssige Material mittels Laser entfernt und das Glasdesign veredelt.

DEAR SHAREHOLDERS, BUSINESS PARTNERS AND EMPLOYEES

SEHR GEEHRTE AKTIONÄRE, GESCHÄFTSPARTNER UND MITARBEITER

2011 was one of the best fiscal years in ROFIN's history.

Throughout the year, all of our businesses contributed to our success and we achieved excellent results culminating in a superior fiscal year – this in spite of the Japanese disaster in March and continued discussion about the European debt crisis. While politicians, the media and the financial community have already been predicting the next global economic downturn, the real economy has still yielded positive results. With annual revenues increasing by over 40 % to $ 598 million, ROFIN achieved a new record high, exceeding the pre-economic crisis levels of 2008.

On a regional basis, strong demand from the European and Asian markets, in particular China, fuelled our performance in fiscal year 2011. Contributing 18 % of annual revenues, China has developed into the most important single market for ROFIN among the Asian countries, followed by Japan, Malaysia, South Korea, Taiwan and Singapore. Overall sales in Asia rose by 47 % to $219 million and contributed 37 % to the Company's annual revenue. Turnover in European countries grew by 37 % to almost $270 million and contributed the lion's share, accounting for 45 % of total net sales during the twelve-month period. The demand in this region was at a good level throughout the various industries and apparently has remained thus far immune to the aforementioned debt crisis. In North America, net sales showed an equally healthy growth of 39 % from the comparable period, totaling $109 million and amounting to 18 % of total revenues.

In fiscal year 2011, we also attained new records in terms of lasers shipped. Over 4,900 laser units were delivered from our various production sites to customers around the world, broadening our base for

2011 war eines der erfolgreichsten Geschäftsjahre in ROFINs Unternehmensgeschichte.

Alle unsere Geschäftsbereiche haben über das Jahr hinweg zu unserem Erfolg und unseren exzellenten Ergebnissen beigetragen, so dass wir ungeachtet der Katastrophe in Japan im März des Jahres und der anhaltenden Diskussionen um die europäische Schuldenkrise ein herausragendes Geschäftsjahr abschließen konnten. Während Politik, Medien und Finanzwelt bereits den nächsten globalen Konjunkturabschwung vorhersagten, hat die Realwirtschaft weiter positive Resultate vorgelegt. ROFIN hat seinen Jahresumsatz um mehr als 40 % auf 598 Millionen USD gesteigert und eine neue Bestmarke erreicht, die das Vorkrisenniveau aus 2008 übertraf.

Aus geographischer Sicht hat die verstärkte Nachfrage aus den europäischen und asiatischen Märkten, hier insbesondere aus China, zu unserem Erfolg im Geschäftsjahr 2011 beigetragen. Mit einem Anteil von 18 % am Jahresumsatz hat sich China für ROFIN zu einem der wichtigsten Einzelmärkte unter den asiatischen Ländern entwickelt, gefolgt von Japan, Malaysia, Südkorea, Taiwan und Singapur. Die Summe der Umsatzerlöse in Asien stieg um 47 % auf 219 Millionen USD und trug 37 % zum Konzerumsatz bei. Die Umsätze in den europäischen Ländern erhöhten sich um 37 % auf nahezu 270 Millionen USD und machten mit 45 % den Löwenanteil des Umsatzes im Zwölfmonatszeitraum aus. Die Nachfrage in dieser Region war über alle Industrien hinweg auf einem guten Niveau und offensichtlich noch nicht von der oben genannten Schuldenkrise beeinflusst. In Nordamerika verzeichneten wir ebenfalls ein gesundes Wachstum von 39 % gegenüber dem Vorjahr und erreichten mit 109 Millionen USD 18 % des Gesamtumsatzes.

Im Geschäftsjahr 2011 haben wir zudem einen neuen Rekord bei der Stückzahl der ausgelieferten Laser erzielt. Über 4.900 Lasereinheiten wurden von unseren diversen

WITH CLOCKWORK PRECISION – LASER PROCESSING

Around the clock:
Many steps in the production of watches are performed by lasers.

Rund um die Uhr:
Viele Arbeitsschritte in ihrer Herstellung erfolgen mittels Lasern.

future service and spare parts business, and demonstrating the high acceptance of the ROFIN brand in the global markets and the healthy demand that we continue to experience for our products.

During the reporting period, we shipped more than 2,100 lasers for a diverse range of macro applications, representing a strong net sales growth of 37% in this business area compared to the prior fiscal year. The turnover in our MACRO business, consisting mainly of high-powered CO_2, solid-state and fiber lasers, rose to $238 million, contributing 40% to annual revenues. The key growth driver in this business unit was the machine tool industry, which continued to benefit primarily from strong Chinese demand, but also from a revived automotive business. Although high-powered lasers are predominantly used in metalworking for cutting, welding and surface treatment applications, there are many additional and lesser known fields in which lasers are used in industrial production processes. These companies recognize the various benefits of using lasers, from the reduction in manufacturing costs to attaining the greatest efficiency and throughput in their lines. For instance, CO_2 lasers are being used in the manufacture of wine glasses to quickly and efficiently remove excess material and refine the design of the glass. In other fabrication lines, goods are treated by lasers not just to realize large unit quantities, but rather to actually improve some of the product's characteristics. Titanium golf drivers, for example, are welded and cut with lasers to change the center of gravity for a better drive.

Almost 2,800 laser units were shipped for micro and marking applications, which mainly consist of fine welding, fine cutting and micro-structuring, as well as marking with lasers. Our MICRO & MARKING business, representing 50% of total revenues, increased by 46% to $302 million in fiscal year 2011, benefiting primarily from strong orders from the consumer electronics, medical device and smartcard industries. ROFIN's MICRO & MARKING portfolio covers a large spectrum of laser technologies for an almost unlimited range of industrial uses, from the micro processing of miniaturized electronic parts and medical devices, the manufacture of wrist watches and the patterning of touchscreens for smartphones to the marking of all kind of goods for decoration, traceability, and the

Produktionsstandorten an Kunden in aller Welt geliefert, was die Basis für unser künftiges Service- und Ersatzteilgeschäft erweitert und die hohe Akzeptanz der Marke ROFIN in den globalen Märkten sowie die gute Nachfrage, die wir weiterhin nach unseren Produkten verzeichnen, belegt.

Mehr als 2.100 Lasereinheiten wurden im Berichtszeitraum für eine breite Palette an Makro-Anwendungen ausgeliefert, was einem kräftigen Umsatzzuwachs in diesem Geschäftsbereich von 37% gegenüber dem Vorjahr entspricht. Der Jahresumsatz mit MACRO-Laserprodukten, die vorwiegend aus CO_2-, Festkörper- und Faserlasern hoher Leistungen bestehen, stieg auf 238 Millionen USD und repräsentiert 40% der gesamten Umsatzerlöse. Der Hauptwachstumstreiber in diesem Geschäftsbereich war der Maschinenbau, der weiterhin von starker Nachfrage, insbesondere aus China, aber auch von einem wieder erstarkten Automobilgeschäft profitierte. Wenngleich Hochleistungslaser vorrangig in der Metallbearbeitung für Anwendungen wie das Schneiden, Schweißen oder die Oberflächenbearbeitung genutzt werden, gibt es eine Reihe weiterer und weniger bekannter Einsatzfelder für diese Laser in der industriellen Fertigung. Viele Hersteller nutzen die zahlreichen Vorteile von Lasern, die von Produktionskostensenkung bis zur Effizienzsteigerung bei maximalem Durchsatz reichen. So werden CO_2-Laser beispielsweise in der Produktion von Weingläsern eingesetzt, um überschüssiges Material schnell und effizient zu entfernen und das Glasdesign zu veredeln. In anderen Fertigungslinien werden Güter weniger zur Realisierung großer Stückzahlen mit dem Laser bearbeitet, sondern vielmehr um Produkteigenschaften zu optimieren. Titan-Golfschläger werden zum Beispiel per Laser geschweißt und geschnitten, um den Schwerpunkt des Schlägerkopfes für einen besseren Abschlag zu verändern.

Nahezu 2.800 Lasereinheiten wurden für Mikro- und Beschriftungsanwendungen, zu denen vorwiegend das Feinschweißen, das Feinschneiden und Mikro-Strukturieren sowie das Kennzeichnen mittels Lasern zählen, ausgeliefert. Im Geschäftsbereich MICRO & MARKING, der 50% zum Gesamtumsatz beitrug, erhöhten sich die Umsatzerlöse um 46% auf 302 Millionen USD im Geschäftsjahr 2011 – überwiegend begünstigt durch die starke Nachfrage aus der Unterhaltungselektronik-, der Medizingeräte- sowie der Smartcardindustrie. ROFINs Produktportfolio im Bereich MICRO & MARKING deckt ein breites Technologiespektrum für eine nahezu

BETTER TECHNOLOGY – BETTER DRIVES

For the perfect drive: Titanium golf club heads are cut and welded by lasers.

Für den perfekten Abschlag: Golfschlägerköpfe aus Titan werden mittels Laser geschnitten und geschweißt.

prevention of counterfeiting. In many industries, such as luxury goods or packaging, lasers have become a key technology for additional functionality such as protection against plagiarism, easy opening or controlled atmosphere packaging. Many companies rely on sophisticated laser solutions from ROFIN for intelligent packaging, which is, for example, used to perforate pet food packaging, chewing gum packets or the packaging of perishable goods such as salad. In addition, when utilized in the production of intaglio printing plates used in currency printing, our lasers can both speed up the plate production process and allow for the incorporation of special security features to hinder the attempts of counterfeiters to duplicate banknotes.

In our COMPONENT business, an improved demand for the Company's comprehensive range of products, which comprises – amongst other things – high-brightness laser diodes, specialty fibers, fiber technology sub-assemblies and system peripherals, helped increase sales by nearly $14 million, or 31 %, to $58 million. The turnover in components contributed the remaining 10 % to total net sales in the reporting period. Our high-tech components are used in-house for ROFIN's own product portfolio, in addition to being sold to third parties for integration into their laser products – a testament to the quality of our sub-assembled products. Over the years, ROFIN's vast component portfolio has gained importance both as a significant part of our vertical integration strategy, and as a growing contributor to the Group's revenues. In addition, it gives us a unique range of capabilities in the marketplace, enhancing further growth through selected complementary business and securing our technological leadership.

ROFIN's success in fiscal year 2011 was indicative both of our ability to develop and provide innovative laser solutions to enhance the production processes at our customers' facilities and of the discipline we apply to our operations and growth strategy.

As a part of our growth strategy, we continue to explore opportunities to add high quality companies and technologies to our existing portfolio. In October 2010, we acquired Switzerland-based LASAG AG and its worldwide operations from “The Swatch Group”, adding significant technological capabilities,

unbegrenzte Anzahl an industriellen Anwendungen ab. Diese reichen von der Mikrobearbeitung miniaturisierter elektronischer Bauteile und medizinischer Geräte, der Herstellung von Armbanduhren, dem Strukturieren von Smartphone-Touchscreens bis hin zur Kennzeichnung von Gütern aller Art aufgrund gestalterischer Aspekte oder zum Zwecke der Rückverfolgbarkeit oder des Fälschungsschutzes. In zahlreichen Branchen, wie dem Luxusgütersektor oder der Verpackungsindustrie, sind Laser zu einer Schlüsseltechnologie für zusätzliche Funktionalitäten wie Plagiatsschutz, Öffnungshilfen und Schutzatmosphäre-Verpackungen geworden. Viele Produzenten in der Verpackungsindustrie vertrauen auf intelligente Laserlösungen von ROFIN, die unter anderem zum Perforieren von Verpackungen für Tierfutter, Kaugummi oder verderbliche Waren wie Salat eingesetzt werden. Unsere Laser sorgen darüber hinaus bei dem von den Notenpressen eingesetzten Stichtiefdruckverfahren für eine beschleunigte Druckplattenherstellung und ermöglichen die Integration spezieller Sicherheitsmerkmale, um Fälschungsversuche und das Kopieren von Banknoten zu verhindern.

In unserem Geschäftsbereich KOMPONENTEN hat die gestiegene Nachfrage nach unserem umfangreichen Produktsortiment, zu dem unter anderem hochbrillante Laserdioden, Spezialfasern, Baugruppen für Faserlaser und Systemperipherie gehören, zu einem Umsatzzuwachs von 14 Millionen USD oder 31 % auf 58 Millionen USD geführt. Der Umsatz mit Komponenten hat die verbleibenden 10 % zum Jahresumsatz beigetragen. Ein Großteil unserer hochtechnologischen Komponenten wird sowohl intern für das eigene Produktportfolio als auch durch andere Hersteller zur Integration in deren Laserprodukte genutzt – ein Beweis für die hervorragende Qualität unserer Baugruppen. ROFINs umfassendes Sortiment an Komponenten hat über die vergangenen Jahre in zweierlei Hinsicht an Bedeutung gewonnen: Es ist zum einen ein wesentlicher Bestandteil unserer vertikalen Integration und trägt zum anderen in steigendem Maße zum Umsatz der Gruppe bei. Dieser Geschäftsbereich eröffnet uns darüber hinaus einzigartige Möglichkeiten im Markt, da er durch ausgewählte komplementäre Geschäftszweige zum weiteren Wachstum unseres Unternehmens beiträgt und unsere Technologieführerschaft bewahren hilft.

ROFINs Erfolg im vergangenen Geschäftsjahr stellt sowohl unsere Fähigkeit zur Entwicklung und Bereitstellung innovativer Laserlösungen, die die Produktionsabläufe bei

WEAR-FREE TOOLS FOR WEARABLE FOOTWEAR

Shoe leather is cut to shape by lasers, while laser perforation guarantees comfortable wearing.

Schuhleder wird per Laser in Form geschnitten, während die Laserperforation hohen Trage-komfort garantiert.

a built-in customer base and breadth to our MICRO product portfolio. LASAG, which already contributed well in the first year to the Group's financial results, particularly reinforces ROFIN's offering of laser-based solutions for the medical device industry and adds certain niche applications such as turbine drilling in the aircraft industry or conrod scribing in the automotive industry.

One of our major growth initiatives is the further advancement of our fiber laser product lines. Our ongoing efforts in the field of fiber technology, such as the expansion of our production capacities, continue to pay off. In this fiscal year, we recognized revenues of almost $42 million from fiber laser related products. For the year ahead, our goal is to double this number, while our mid-term target is to reach at least 30 % of the overall market share over a five-year period. In order to reach these ambitious targets, we have purchased a building with cleanroom capacities in Finland and are broadening the manufacturing space of several other Group locations to be able to significantly ramp up fiber laser production over time. This necessary

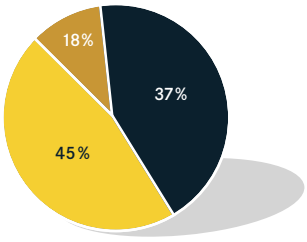
unseren Kunden verbessern, als auch unsere Disziplin, die wir in unserem operativen Geschäft und unserer Wachstumsstrategie walten lassen, unter Beweis.

Im Rahmen dieser Wachstumsstrategie sondieren wir auch weiterhin Möglichkeiten, unser existierendes Portfolio durch qualitativ hochwertige Unternehmen oder Technologien zu ergänzen. Im Oktober 2010 haben wir die in der Schweiz ansässige Firma LASAG AG und deren weltweite Aktivitäten von “The Swatch Group” übernommen und dadurch die technologische Leistungsfähigkeit, die bestehende Kundenbasis und das Angebotsspektrum unseres Portfolios im Bereich MICRO erheblich verbreitert. Die LASAG AG, die bereits im ersten Jahr zu den Finanzergebnissen unseres Konzerns beigetragen hat, verstärkt in erster Linie ROFINs Angebot an laserbasierten Lösungen für die Medizingeräteindustrie und für Nischenanwendungen wie das Bohren von Turbinen in der Flugzeug- oder das Ritzen von Pleuelstangen in der Automobilindustrie.

Eine unserer wichtigsten Wachstumsinitiativen ist die Weiterentwicklung unserer Faserlaserproduktlinien. Unsere kontinuierlichen Anstrengungen im Bereich der

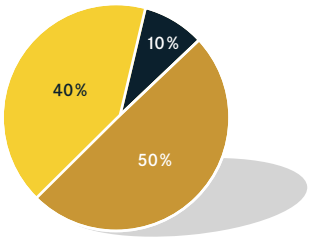
Sales Split 2011 | Umsatzverteilung 2011

Geographical | Geographisch



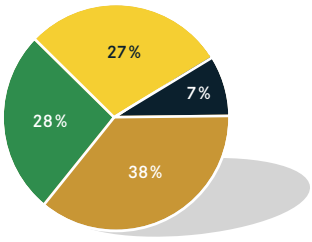
- Europe | Europa
- North America | Nordamerika
- Asia, Rest of World | Asien, Rest der Welt

Business Units | Geschäftsbereiche



- MACRO
- MICRO & MARKING
- COMPONENTS | KOMPONENTEN

Industries* | Industrien*



- Machine Tool | Maschinenbau
- Others | Sonstige
- Semiconductor, Electronics & Photovoltaic
  Halbleiter, Elektronik & Photovoltaik
- Automotive Industry | Automobilindustrie

* Only based on lasers & laser systems revenue
Basiert nur auf Umsätzen mit Lasern & Lasersystemen

FASHIONED BY LIGHT A MILLION TIMES

It is usually lasers – not stones – that give "stone-washed" jeans that signature look.

„Stone-washed“ Jeans: Hier war kein Stein am Werk – meist sorgen Laser für diesen unverwechselbaren Look.

strategic alignment further enhances the vertical integration needed to economically manufacture high-power fiber lasers. Furthermore, we made significant progress on some of the technological features of the laser pumping diodes, which are designed to reduce manufacturing costs by approximately one third. Another important development will be realized by the end of calendar year 2012, when the optical engines will be capable of producing approximately 50% more output power, thus further reducing production costs of our multi-kilowatt fiber lasers. With our current fiber laser product offering, which ranges from low powers of 20 watts to high powers of up to 4,000 watts, we believe we rank as the number two supplier of fiber lasers with respect to portfolio breadth.

Besides the encouraging demand for our newly introduced fiber lasers, we have also experienced strong demand for all of our other state-of-the-art laser technologies, which we continually develop further. Our high-power CO_2 lasers, for example, are well-established workhorses in the industrial sector, primarily used in cutting or welding applications in the machine tool industry, in which thick sheet metals are processed and where fiber lasers cannot, as of yet, play to their strengths. However, the use of CO_2 lasers in industrial production is not limited to those applications. Due to their wavelength, CO_2 laser sources are also ideally suited to the treatment of all kinds of organic materials, such as wood, paper, certain polymers or leather, which cannot be processed with lasers of other wavelengths as the organic tissues do not absorb the laser beam in the desired manner. According to the specific material and application requirements, the output powers of the CO_2 lasers used may differ from the low to the high power level. Today, this laser technology can be found in the mass production of air bag fabrics and leather shoes or in the manufacture of trendy handbags as well as textiles such as denim, to name just a few of its many uses.

In general, our internal growth is not only driven by repeat orders from existing customers satisfied by the established economic benefits of our proven solutions, but also by first-time orders from a customer base broadened by our innovative applications and continued process development.

Faserlasertechnologie, wie die Ausweitung der Produktionskapazitäten, zahlen sich aus. In diesem Geschäftsjahr verzeichneten wir im Zusammenhang mit unseren Faserlaserprodukten Umsätze von annähernd 42 Millionen USD. Für das kommende Geschäftsjahr haben wir uns die Verdoppelung dieser Umsätze zum Ziel gesetzt, während wir mittelfristig über einen Zeitraum von fünf Jahren einen Marktanteil von mindestens 30% in dieser Technologie anstreben. Um dieses ehrgeizige Ziel zu realisieren, haben wir in Finnland ein Gebäude mit Reinraumkapazitäten erworben sowie an verschiedenen weiteren Standorten der Gruppe unsere Fertigungskapazitäten erweitert, was es uns ermöglicht, die Faserlaserproduktion im Laufe der Zeit erheblich zu steigern. Diese wichtige strategische Anpassung verbessert die vertikale Integration, die zur wirtschaftlichen Herstellung von Hochleistungsfaserlasern notwendig ist. Darüber hinaus konnten wir signifikante Fortschritte im Hinblick auf einige technologische Eigenschaften der zum Anregen genutzten Laserdioden verzeichnen, welche darauf ausgelegt sind, die Herstellungskosten um annähernd ein Drittel zu reduzieren. Eine andere wesentliche Entwicklung – die Steigerung der Ausgangsleistung der Faserlasermodule um etwa 50% – wird bis Ende des Kalenderjahres 2012 umgesetzt und die Produktionskosten unserer Multi-Kilowatt-Faserlaser weiter reduzieren. Mit unserem aktuellen Faserlaserangebot, das von niedrigen Leistungen von 20 Watt bis zu hohen Leistungen von 4.000 Watt reicht, sollten wir in puncto Portfoliobreite bereits heute auf Platz zwei der Anbieter rangieren.

Neben der guten Nachfrage nach unseren neu eingeführten Faserlasern verzeichneten wir ebenfalls eine rege Nachfrage nach all unseren etablierten hochmodernen Lasertechnologien, die wir kontinuierlich weiterentwickeln. Unsere Hochleistungs-CO_2-Laser beispielsweise sind im industriellen Umfeld bewährte „Arbeitspferde“, die vorwiegend im Maschinenbau beim Schneiden und Schweißen von Dickblechen Einsatz finden, wo Faserlaser ihre Stärken bisher noch nicht ausspielen können. Dennoch ist die Nutzung von CO_2-Lasern in der industriellen Fertigung nicht auf diese Anwendungen beschränkt. Aufgrund ihrer Wellenlänge sind CO_2-Laserstrahlquellen bestens geeignet, um organische Materialien jeglicher Art wie Holz, Papier, bestimmte Kunststoffe oder Leder zu bearbeiten, da organisches Gewebe den Laserstrahl von Lasern anderer Wellenlänge nicht in der gewünschten Weise absorbiert. Je nach Beschaffenheit des Materials und den spezifischen Prozessanforderungen kann die Ausgangsleistung vom niedrigen bis zum

AS SMART AND MOBILE AS LASER LIGHT

Always within reach. Lasers pattern smartphone touchscreens and mark SIM cards.

Immer erreichbar. Laser strukturieren Touchscreens für Mobiltelefone und markieren SIM-Karten.

As laser technologies and materials advance, new applications emerge and materials which could not previously have been treated with lasers – as seen with the welding of plastics – become commonplace. Today, several laser types can be found in plastics processing. For example, diode lasers from ROFIN are used to join the plastic housing of car keys without affecting the surface of the component or damaging the key's sensitive internal electronics.

Another of our sustainable growth initiatives is in the area of ultra-short pulse lasers such as femto- or picosecond lasers. This is not – strictly speaking – a new technology, but its recent development towards more output power has opened it up for wider application in materials processing. One technical advantage is that ultra-short pulse lasers process materials faster than the emitted energy can diffuse within the atomic lattice. Therefore, minimal heat is transferred to the surrounding material, which eliminates any recast and burr. This so-called "cold" material processing is a most promising technology for high-precision, athermal cutting of critical parts. For this reason, it is ideal for manufacturing bioabsorbable polymer stents in the medical device industry or high-speed scribing of transparent materials like sapphire wafers for LED separation. ROFIN's new offerings of femto- or picosecond laser systems are especially designed for applications in industrial material processing requiring the highest precision and minimal thermal input.

In order to further strengthen our competitive technological edge, we spent $38 million, or 6% of our net sales, on R&D. This mainly reflects the above-mentioned activities related to the expansion of our fiber laser series, in addition to the ongoing development of our comprehensive product portfolio, and the additional cost of R&D projects through our newly acquired Swiss subsidiary, LASAG.

Despite these increased financial investments and operative alignments, we were able to double our net income to $60 million, the second best level in ROFIN's history, with a corresponding net income margin of 10% of net sales. For the fiscal year 2011, the Company delivered $2.06 in diluted earnings per share based on 29.1 million weighted average shares outstanding, an increase of $1.04, or over 100% year-on-year.

hohen Level variieren. Heute kommt diese Lasertechnologie in der Massenfertigung von Airbagstoffen, Lederschuhwerk oder modischen Handtaschen und Textilien wie Jeans zum Tragen, um nur einige ihrer vielen Einsatzgebiete zu nennen.

Unser organisches Wachstum wird in der Regel nicht nur durch Folgeaufträge bestehender Kunden generiert, die mit den wirtschaftlichen Vorteilen zufrieden sind, welche sie durch unsere bewährten Lösungen realisieren können, sondern wird auch durch Erstaufträge von einer Kundenbasis vorangetrieben, die sich durch unsere innovativen Anwendungen und kontinuierlichen Prozessentwicklungen stetig erweitert.

Mit der zunehmenden Weiterentwicklung von Technologien und Materialien entstehen neue Applikationen und die Bearbeitung von Werkstoffen, die zuvor nicht mittels Lasern erfolgen konnte – wie beispielsweise das Verbinden von Kunststoffen – gehört heute zum Alltag. Mittlerweile kommen unterschiedliche Lasertypen in der Kunststoffbearbeitung zum Einsatz. Diodenlaser von ROFIN werden beispielsweise beim Verschweißen von Kunststoffgehäusen von Autoschlüsseln genutzt, ohne dabei die Oberfläche des Gehäuses oder die innen liegende empfindliche Elektronik zu beeinträchtigen.

Eine weitere unserer Initiativen für nachhaltiges Wachstum liegt im Bereich von Ultrakurzpulslasern wie Femto- oder Picosekundenlaser. Hierbei handelt es sich streng genommen nicht um eine neue Technologie, jedoch eröffnet die jüngste Entwicklung hin zu höheren Ausgangsleistungen ein breiteres Anwendungsspektrum für die Lasermaterialbearbeitung. Ein technischer Vorteil von Ultrakurzpulslasern besteht darin, dass sie das Material schneller bearbeiten, als die eingebrachte Energie im Atomgitter des Materials diffundieren kann, wodurch nur minimale Wärme in das umliegende Material abgegeben und eine Verformung oder Gratentstehung verhindert wird. Diese sogenannte "kalte" Materialbearbeitung ist eine sehr vielversprechende Technologie für hochpräzises athermisches Schneiden kritischer Werkstücke. Aus diesem Grund ist sie ideal zur Herstellung von bioresorbierbaren Polymerstents in der Medizintechnik oder zum Hochgeschwindigkeitsritzen von transparenten Materialien wie Saphir-Wafern beim Vereinzeln von LEDs geeignet. ROFINs neues Angebotsspektrum an Femto- oder Picosekundenlasersystemen wurde speziell für industrielle Applikationen entwickelt, die höchste Präzision und minimale Wärmeeinbringung erfordern.

© Marquardt

LASERS – A KEY TECHNOLOGY

Lasers weld the plastic housing of car keys without impacting the electronics.

Laser verschweißen die Kunststoffgehäuse von Autoschlüsseln, ohne die Elektronik zu beeinflussen.

In fiscal year 2011, our Company's balance sheet and liquidity also remained strong. ROFIN has consistently generated strong cash flow from operations, a key indicator of our business performance. During the reporting fiscal year, we generated $50 million cash from operating activities. In addition, we used $29 million in investing activities, mainly due to capital expenditures of about $22 million. This includes the purchase of the Finnish manufacturing facility as well as other expenses in connection with the above-mentioned expansion of our production capacities and the acquisition of the Swiss subsidiary. In fiscal year 2012, we expect our capital expenditure to be in the range of $27 to $29 million.

Cash, cash equivalents and short-term investments increased by approximately $14 million to $130 million. We used parts of our excellent cash position to complete our second share buyback program, under which we have repurchased over a twelve-month period approximately 1.1 million shares for a total amount of over $28 million. At year end, stockholders' equity amounted to 73% of total assets. Our strong financial position provides a solid basis for further growth, satisfying our needs for working capital, technology prospects and potential acquisitions as we continue evaluating what additional developments have the potential to add the most value to our product offering and success.

During the fiscal year we also achieved a new record order entry of more than $612 million, representing a book-to-bill ratio of 1.02. Over the twelve-month period, the business level in North America developed nicely, with order entry in this region increasing by 39%. In Europe and in Asia, we also experienced improved business activities, resulting in increases in order entry figures of 33% and 20%, respectively. In absolute figures, North America contributed approximately $115 million, Europe contributed $276 million, and Asia contributed $221 million to overall order intake in fiscal year 2011. In the first three quarters of our fiscal year, we experienced an increasingly dynamic growth in turnover and order entry, which resulted in new record highs in certain quarters over the fiscal year. In the fourth quarter – for which we reported a new record level of net sales – we recognized, however, a more subdued level of order activities in some regions, resulting in an order backlog at the end of September 2011 of $153 million.

Um unseren technologischen Wettbewerbsvorteil weiter zu stärken, haben wir 38 Millionen USD oder 6% des Umsatzes im Bereich Forschung und Entwicklung aufgewendet. Dies beinhaltet neben der kontinuierlichen Weiterentwicklung unseres umfangreichen Produktportfolios und zusätzlichen Kosten durch Forschungs- und Entwicklungsprojekte unserer neu erworbenen Schweizer Tochter LASAG AG in erster Linie die zuvor genannten Maßnahmen in Verbindung mit der Erweiterung unserer Faserlaserproduktreihen.

Trotz dieser vermehrten Investitionen und der operativen Anpassungen konnten wir unseren Nettogewinn auf 60 Millionen USD verdoppeln und haben damit das zweitbeste Ergebnis in unserer Unternehmensgeschichte und eine Nettorendite von 10% realisiert. Das Ergebnis im Geschäftsjahr 2011 führte zu einem verwässerten Gewinn pro Aktie von 2,06 USD basierend auf 29,1 Millionen durchschnittlich gewichteten ausstehenden Aktien, was einer Steigerung von 1,04 USD oder mehr als 100% gegenüber dem Vorjahr entspricht.

Unsere Bilanz und unsere Liquidität blieben im Geschäftsjahr 2011 ebenfalls sehr solide. ROFIN hat kontinuierlich hohe Mittelzuflüsse aus dem operativen Geschäft generieren können, was ein Schlüsselindikator für unsere wirtschaftliche Leistungsfähigkeit ist. Im Berichtszeitraum haben wir 50 Millionen USD an Mittelzuflüssen aus laufender Geschäftstätigkeit erwirtschaftet. Daneben haben wir 29 Millionen USD für Investitionen aufgewendet, im Wesentlichen für Anlagevermögen in Höhe von 22 Millionen USD. Hierin enthalten sind der Kauf des Produktionsgebäudes in Finnland, die zusätzlichen Aufwendungen im Zusammenhang mit der genannten Ausweitung unserer Fertigungskapazitäten sowie die Akquisition der Schweizer Firma LASAG. Für das Geschäftsjahr 2012 rechnen wir mit einem Investitionsvolumen zwischen 27 Millionen USD und 29 Millionen USD.

Die Barmittel und kurzfristigen Finanzanlagen erhöhten sich um rund 14 Millionen USD auf 130 Millionen USD. Einen Teil unserer ausgezeichneten Cash-Position haben wir aufgewendet, um unser zweites Aktienrückkaufprogramm abzuschließen, in dessen Rahmen wir über einen Zeitraum von zwölf Monaten circa 1,1 Millionen Aktien im Gesamtwert von über 28 Millionen USD zurückerworben haben. Am Jahresende betrug die Eigenkapitalausstattung 73% der Bilanzsumme. Unsere starke Finanzposition bietet eine solide Basis für künftiges Wachstum und bedeutet eine ausreichende Mittelausstattung im

NO RISK OF CONFUSION – LASER WORK IS UNIQUE

Thanks to personalized laser marking, your pacifier is easily identifiable. Laser marks are chemical free and safe to boil.

Dank individueller Kennzeichnung ist der richtige Schnuller schnell identifiziert. Laserbeschriftung ist chemiefrei und kochfest.

This represents a 10 % increase over the corresponding period in the prior fiscal year, but was roughly 10 % lower when compared to the record highs in the preceding quarters. Major concerns in this context are, of course, further development in the Asian markets and political decisions that may be taken in the eurozone. As a deteriorating economic environment combined with a more cautious global industry sentiment and credit tightening may influence capital spending in certain regions, it is a necessity to carefully watch the current trends in worldwide economic conditions.

However, our strategy of providing a broad product portfolio covering nearly all applications of laser materials processing and focusing on cross-selling to an extensive worldwide customer base has already proved its merits in past difficult global economic environments. We have been flexible in reacting to changing market conditions, compensating for recessions in some markets by generating growth in other areas. Furthermore, in the mid- to long-term, several Asian countries should maintain their strong domestic growth, as this region remains a global hot spot for the production of all kinds of goods, resulting in robust demand for advanced and automated manufacturing methods such as laser-based solutions; these are needed, for example, for the mass production of consumer electronics like smartphones or flat panel televisions, in addition to textiles, footwear and many other goods.

We are confident that ROFIN will continue to successfully capitalize on its growth potential and unlock value in emerging markets such as those in Asia. Furthermore, the existing backlog is a good start into our new fiscal year and does not include substantial revenues for service, spare parts and training, which accounted for 26 % of total turnover in fiscal year 2011.

The success of our industrial product portfolio is a testament to our efforts in pursuing new applications for our customers, as well as developing niche market segments to maintain our technological edge, and therefore providing our customers with innovative solutions tailored to their needs.

Light remains fascinating and challenging as it still bears an infinite potential of applications!

Hinblick auf Betriebskapital, technologische Perspektiven oder mögliche Akquisitionen, da wir kontinuierlich evaluieren, welche Entwicklungen für unser Produktspektrum oder für unseren Erfolg den größten Mehrwert bieten könnten.

In diesem Geschäftsjahr erreichten wir mit über 612 Millionen USD auch eine neue Bestmarke beim Auftragseingang, gleichbedeutend mit einem Book-to-Bill-Verhältnis von 1,02. In Nordamerika entwickelte sich das Geschäftsniveau mit einem Anstieg des Auftragseinganges von 39 % für den Zwölfmonatszeitraum positiv. In Europa und Asien verzeichneten wir mit Zuwächsen bei den Auftragseingängen von 33 % beziehungsweise 20 % ebenfalls verbesserte Geschäftsaktivitäten. In absoluten Zahlen trug Nordamerika rund 115 Millionen USD, Europa 276 Millionen USD und Asien 221 Millionen USD zum Gesamtauftragseingang im Geschäftsjahr 2011 bei. In den ersten drei Quartalen des Geschäftsjahres stellten wir ein zunehmend dynamisches Wachstum bei den Umsatz- und Auftragseingangszahlen fest, die in einigen Quartalen zu neuen Rekordwerten führten. Im vierten Quartal – in dem wir einen neuen Umsatzrekord erreichten – verzeichneten wir allerdings ein eher verhaltenes Niveau bei den Auftragseingängen aus einigen Regionen, was zu einem Auftragsbestand von 153 Millionen USD per Ende September 2011 führte. Dies entspricht im Vergleich zum Vorjahr einer Steigerung von 10 %, liegt aber rund 10 % unter den Rekordmarken der vorangegangenen Quartale. Die zentralen Fragen in diesem Zusammenhang sind sicherlich die künftige Entwicklung in den asiatischen Märkten sowie die politischen Entscheidungen, die in der Eurozone anstehen. In einem sich verschlechternden Konjunkturumfeld, kombiniert mit einem weltweit eher zurückhaltenden Geschäftsklima und einer Kreditverknappung, die das Investitionsverhalten in einigen Regionen beeinflussen kann, gilt es, die aktuelle Entwicklung der globalen wirtschaftlichen Rahmenbedingungen aufmerksam zu verfolgen.

Unsere Strategie – auf ein breitgefächertes Produktportfolio, das nahezu alle Anwendungen in der Materialbearbeitung abdeckt, und auf Cross-Selling an eine breite globale Kundenbasis zu setzen – hat sich bereits unter schwierigen globalen Konjunkturbedingungen in der Vergangenheit bewährt. Wir haben flexibel auf Änderungen des Wirtschaftsumfeldes reagiert und Rückgänge in einigen Märkten durch Wachstum in anderen kompensiert. Zudem sollten einige asiatische Länder mittel- bis langfristig ihr starkes Binnenwachstum beibehalten können,

ACCESS AT THE SPEED OF LIGHT

Laser perforation of packaging allows for easy opening and quick removal.

Laserperforation von Verpackungen erleichtert das Öffnen und ermöglicht eine schnelle Entnahme.

Many people contributed to the record-breaking results of this fiscal year. I would like to thank all of our shareholders, business partners and employees for their trust and their support of our Company, and to express my gratitude to the Board of Directors for their vision and guidance.

Following one of our strongest years ever, I look forward to a promising yet challenging 2012.

Yours sincerely

Günther Braun

da diese Region der globale Schwerpunkt für die Produktion von Waren aller Art bleibt, was zu einer soliden Nachfrage nach modernen und automatisierten Produktionsausrüstungen wie beispielsweise laserbasierten Lösungen führt. Diese werden unter anderem bei der Massenfertigung von Unterhaltungselektronik wie Smartphones oder Flachbildschirmfernsehern, aber auch bei Textilien, Schuhen und vielen anderen Gütern gebraucht.

Wir sind überzeugt, dass ROFIN weiterhin erfolgreich sein Wachstumspotential ausschöpfen und von aufstrebenden Märkten wie denen in Asien profitieren wird. Der bestehende Auftragsbestand, der so gut wie keine Aufträge für Service, Ersatzteile und Schulungen enthält und im Geschäftsjahr 2011 26 % des Jahresumsatzes betrug, bietet uns darüber hinaus einen guten Start in das neue Geschäftsjahr.

Der Erfolg unseres industriellen Produktportfolios bestätigt unsere Strategie, neue Anwendungen für unsere Kunden voranzutreiben, aber auch Nischenmärkte mit speziellen Applikationen zu erschließen. Dies sichert unseren technologischen Vorsprung und ermöglicht es uns, unseren Kunden maßgeschneiderte und innovative Lösungen anzubieten.

Licht bleibt faszinierend und herausfordernd, da es ein nahezu unbegrenztes Potential an Anwendungen birgt!

Viele Menschen haben zu den Rekordergebnissen in diesem Geschäftsjahr beigetragen. Ich bedanke mich bei all unseren Anteilseignern, Geschäftspartnern und Mitarbeitern für ihr Vertrauen in unser Unternehmen und ihre Unterstützung und möchte ebenfalls dem Board of Directors meinen Dank für seinen Weitblick und sein Mitwirken aussprechen.

Nach einem unserer erfolgreichsten Jahre freue ich mich auf ein vielversprechendes, wenn auch herausforderndes Geschäftsjahr 2012.

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Die Aktie von ROFIN-SINAR Technologies Inc. ist am NASDAQ Global Select Market unter dem Kürzel RSTI notiert und wird im Prime Standard der Frankfurter Wertpapierbörse unter der ISIN US7750431022 gehandelt.

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ROFIN-SINAR TECHNOLOGIES INC.

RESULTS OF OPERATIONS | GESCHÄFTSERGEBNISSE

(in thousands, except per share data and employees)

		2007	2008	2009	2010	2011
Net sales	Umsatzerlöse	$ 479,675	$ 575,278	$ 349,579	$ 423,570	$ 597,763
Gross profit*	Bruttoergebnis*	$ 203,355	$ 248,417	$ 132,047	$ 166,254	$ 232,079
Income from operations*	Betriebsergebnis*	$ 86,599	$ 95,458	$ 8,082	$ 43,959	$ 83,663
Net income (attributable to RSTI)	Jahresüberschuss	$ 55,277	$ 63,759	$ 9,163	$ 29,840	$ 60,032
Net income per share (diluted)**	Gewinn pro Aktie (verwässert)**	$ 1.74	$ 2.09	$ 0.31	$ 1.02	$ 2.06
Number of employees	Mitarbeiteranzahl	1,609	1,775	1,726	1,822	2,108
Sales per employee	Umsatz pro Mitarbeiter	$ 298	$ 324	$ 203	$ 232	$ 284
Order entry	Auftragseingang	$ 511,400	$ 602,100	$ 293,700	$ 474,900	$ 612,100
Order backlog	Auftragsbestand	$ 116,600	$ 143,400	$ 87,600	$ 138,900	$ 153,200

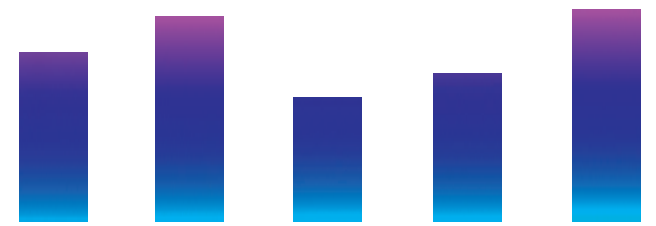
BALANCE SHEET | BILANZ

(in thousands)

		2007	2008	2009	2010	2011
Total assets	Vermögen, gesamt	$ 626,224	$ 583,660	$ 539,507	$ 558,192	$ 653,946
Total liabilities*	Verbindlichkeiten, gesamt*	$ 173,507	$ 179,115	$ 117,813	$ 140,716	$ 175,329
Stockholders' equity*	Eigenkapital*	$ 452,717	$ 404,545	$ 421,694	$ 417,476	$ 478,617

NET SALES | UMSATZERLÖSE

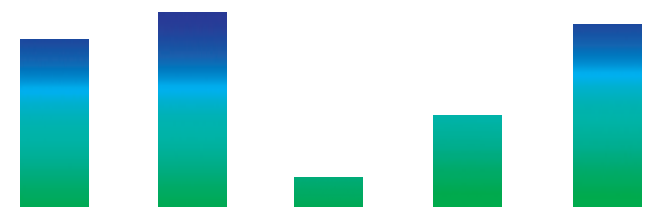
(in thousands)



2007	2008	2009	2010	2011
$ 479,675	$ 575,278	$ 349,579	$ 423,570	$ 597,763

NET INCOME | JAHRESÜBERSCHUSS

(in thousands)



2007	2008	2009	2010	2011
$ 55,277	$ 63,759	$ 9,163	$ 29,840	$ 60,032

Fiscal year ends September 30th | Geschäftsjahr endet am 30. September

* Figures for 2007 - 2009 reflect changes in financial presentation for comparison purposes | Werte für 2007 - 2009 berücksichtigen Ausweisänderungen zu Vergleichszwecken

** Figures reflect stock split of December 2007 | Zahlen berücksichtigen Aktiensplitt vom Dezember 2007

FACTS | FAKTEN



FORM 10-K

ROFIN-SINAR TECHNOLOGIES INC.

FISCAL YEAR 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2011

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 000-21377

ROFIN-SINAR TECHNOLOGIES INC.
(Exact name of Registrant as specified in its charter)

Delaware	38-3306461
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
40984 Concept Drive, Plymouth, MI	48170
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (734) 455-5400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per Share Rights Associated with common stock, par value $0.01 per Share	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting Company. See definition of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based upon the closing price of the common stock on March 31, 2011 (the last business day of the most recently completed second fiscal quarter) as reported by the NASDAQ Global Select Market was approximately $1,112,476,381. For the purposes hereof, "affiliates" include all executive officers and directors of the registrant.

28,502,759 shares of the registrant's common stock, par value $0.01 per share, were outstanding as of November 28, 2011.

Certain sections of the Company's Proxy Statement to be filed in connection with the Company's 2012 Annual Meeting of Stockholders to be held in March 2012 are incorporated by reference herein at Part III, Items 10-14.

ROFIN-SINAR TECHNOLOGIES INC.

TABLE OF CONTENTS

PART I

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "may", "believe", "will", "expect", "project", "anticipate", "estimate", "plan" or "continue". These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition.

These factors include (among others):

- downturns in the machine tool, automotive, semiconductor, electronics, and photovoltaic industries which may have, in the future, a material adverse effect on sales and profitability of the Company;
- the ability of the Company's OEM-customers to incorporate its laser products into their systems;
- the impact of exchange rate fluctuations, which may be significant because a substantial portion of the Company's operations is located overseas;
- the level of competition and the ability of the Company to compete in the markets for its products;
- the Company's ability to develop new and enhanced products to meet market demand or to adequately utilize its existing technology;
- third party infringement of the Company's proprietary technology or third party claims against the Company for the infringement or misappropriation of their proprietary rights;
- competing technologies that are similar to or that serve the same uses as the Company's technology;
- the scope of patent protection that the Company is able to obtain or maintain;
- the Company's ability to efficiently manage the risks associated with its international operations; and
- the other risks described under "ITEM 1A - Risk Factors".

In making these forward-looking statements, we claim the protection of the safe-harbor for forward-looking statements contained in the Reform Act. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

ITEM 1. BUSINESS

COMPANY OVERVIEW AND HISTORY

Rofin-Sinar Technologies Inc. was incorporated in 1996 under the laws of the State of Delaware and is a NASDAQ-listed Company. We are a leader in the design, development, engineering, manufacturing and marketing of laser-based products, primarily used for cutting, welding and marking a wide range of materials. In this report, the terms "Company", "Rofin", "RSTI", "we", "us", and "our" mean Rofin-Sinar Technologies Inc., and all entities included in our consolidated financial statements.

Lasers are a non-contact technology for material processing, which have several advantages compared to conventional manufacturing tools that are desirable in industrial applications. The Company's lasers all deliver a high-quality beam at guaranteed power outputs and feature compact design, high processing speed, flexibility, low operating and maintenance costs and easy integration into the customer's production process. As a technological leader in CO_2 lasers, solid-state lasers, fiber lasers, and diode lasers**,** the Company is able to meet a broad range of its customers' material processing requirements.

The results of the fiscal year ended September 30, 2011, were comparable to our pre-economic crisis levels of fiscal year 2008. Sales improved in all of the Company's key regions, primarily driven by the machine tool, automotive, electronics and medical device industries reflecting the overall improved macro economic climate during the fiscal year 2011. As a consequence of the general challenging market conditions and the more cautious sentiment of our industrial customers as well as a weaker Asian order intake in our most recent quarter, we expect a slowdown in our business for the first six months of fiscal year 2012. Nevertheless, management is confident that the Company's order backlog and expanding product portfolio, especially in fiber lasers, provide a solid platform for a successful fiscal year 2012.

According to the Industrial Laser Solutions magazine's 2011 forecast for industry data, worldwide laser revenues for industrial applications (excluding lithography, inspection, measurement, research, medical, etc.) will reach approximately $1.7 billion for the year. Based on this data, the Company estimates that it has currently a market share in the relevant industrial laser sector of over 20% (based on laser-related sales volume). The Company has sold more than 57,000 laser sources since 1975 and currently has over 4,000 active customers (including multinational companies with multiple facilities purchasing from the Company). During fiscal 2011, 2010, and 2009, approximately 40%, 41%, and 40%, respectively, of the Company's revenues related to sales of laser products for macro applications, approximately 50%, 49%, and 48%, respectively, related to sales of laser products for marking and micro applications, and approximately 10%, 10%, and 12%, respectively, related to sales of components.

Through its global manufacturing, distribution and service network, the Company provides a comprehensive range of laser sources and laser-based system solutions to the following principal target markets: the machine tool, automotive, semiconductor, electronics, and photovoltaic industries. The Company sells directly to end-users and to original equipment manufacturers ("OEMs") (principally in the machine tool industry) that integrate Rofin's laser sources with other system components. Many of Rofin's customers are among the largest global participants in their respective industries. During fiscal 2011, 2010, and 2009, 18%, 19%, and 20%, respectively, of the Company's sales were in North America, 45%, 46%, and 57%, respectively, were in Europe, and 37%, 35%, and 23%, respectively, were in Asia.

Share buyback program

On May 5, 2010, the Board of Directors authorized the Company to initiate a share buyback of up to $30.0 million of the Company's common stock over twelve months, subject to market conditions, through purchases from time to time in open market transactions or privately negotiated transactions at the Company's discretion, including the quantity, timing and price thereof. Through September 30, 2011, the Company purchased approximately 1.1 million shares of common stock, at an average price of $25.96, under the stock buyback program for a total price of $28.2 million.

Acquisitions

On December 2, 2006, the Company purchased an additional 1% of the share capital of Rofin-Sinar UK Ltd. ("RS UK") through Rofin-Sinar Technologies Europe S.L. ("RSTE") under an option agreement. The Company held 81% of the share capital of RS UK as a result of this purchase. This purchase resulted in goodwill of $0.2 million. On December 3, 2007, the Company purchased the remaining 19% of the share capital of RS UK through RSTE under this option agreement. The Company now holds 100% of the share capital of RS UK. This purchase resulted in goodwill of $5.6 million.

On May 14, 2007, the Company purchased an additional 45% of the share capital of H2B Photonics GmbH, Garbsen ("H2B") (Germany) through its wholly-owned subsidiary Rofin-Baasel Lasertech GmbH & Co. KG (formerly Carl Baasel Lasertechnik GmbH & Co. KG) ("CBL"). The Company held 85% of the share capital of H2B. This purchase resulted in goodwill of approximately $0.1 million. Effective September 29, 2011, the Company received the remaining 15% of the share capital H2B through a transfer of shares and now holds 100% of the share capital.

Effective February 28, 2007, the Company acquired 80% of the common stock of m2k-laser GmbH, Freiburg (Germany), through its wholly-owned subsidiary Rofin-Sinar Laser GmbH. m2k-laser GmbH develops and manufactures semiconductor lasers based on the III-V compounds GaAs and GaSb for use predominantly in the scientific industry. The same components can also be used for pumping solid-state lasers, which are used for material processing. Additionally the parties have agreed on a put/call option exercisable beginning in 2012 for the remaining 20% of the common stock. Accordingly, the Company's financial statements present m2k-laser GmbH as if it was 100%-owned. This purchase resulted in goodwill of approximately $0.6 million.

Effective March 28, 2007, the Company acquired 100% of the common stock of Corelase Oy, Tampere (Finland). Corelase Oy has considerable experience in semiconductors, optics, and fiber technology. Its product lines include fiber-coupled diode laser systems, continuous-wave and ultra short pulse mode-locked fiber laser systems, and components such as diode lasers for a wide range of material processing applications. The terms of the purchase include payment of deferred purchase price based on Corelase Oy achieving certain financial targets. This purchase resulted in goodwill of $6.9 million.

Effective April 5, 2007, the Company acquired 100% of the common stock of ES Technology Ltd., Oxford (UK), through its wholly-owned subsidiary Rofin-Baasel UK Ltd. ES Technology Ltd. develops customized laser marking system solutions based on various laser technologies and distributes a number of optical devices and components into Northern European territories from several American suppliers via its subsidiary, Laser Service Ltd., Oxford (UK). This purchase resulted in goodwill of approximately $0.7 million.

Effective January 24, 2008, the Company purchased Nufern, one of the world's largest independent manufacturers of specialty fibers and fiber laser modules serving a wide range of industries, as a wholly-owned subsidiary of Rofin-Sinar Technologies Inc. During fiscal year 2009, the Company settled an earn-out agreement with the former Nufern owners for an aggregate of $5.0 million and finalized its valuation of the identified intangible assets related to this acquisition. As a result, a total adjustment amounting to a net decrease of $3.7 million was made to the amount of goodwill recorded. This purchase resulted in final goodwill of $2.9 million.

In fiscal year 2008, the Company formed Dilas Diodelaser China Co., Ltd. in Nanjing (China) through its 95%-owned subsidiary Dilas Diodenlaser GmbH as a 95%-owned subsidiary.

In fiscal year 2008, the Company formed Nanjing Eastern Technologies Company Ltd. in Nanjing (China) as an 80%-owned subsidiary.

Effective July 1, 2008, the Company formed Rofin-Baasel Swiss AG in Biel (Switzerland) as a wholly-owned subsidiary through its wholly-owned subsidiary RSTE.

Effective March 11, 2009, the Company made the final payment for the outstanding earn-out, and acquired the remaining 10% of the share capital of Optoskand AB through its wholly-owned subsidiary Rofin-Sinar Laser GmbH under an option agreement. This purchase resulted in additional goodwill of $0.7 million.

Effective April 9, 2009, the Company acquired 80% of the equity of China-based Nanjing Eastern Laser Company, Ltd. (“NELC”) through two separate cash transactions. NELC's product lines are largely comprised of high power, fast-axial flow CO_2 lasers, with a power range up to 3 kW as well as NC-based laser processing equipment. This purchase resulted in goodwill of $4.3 million.

Effective April 12, 2010, the Company, through its wholly-owned subsidiary Nufern, purchased the Electro Optics fiber optic gyroscope coil winding business of Optelecom-NKF, Inc. This purchase resulted in additional goodwill of $0.3 million.

Effective October 15, 2010, the Company acquired 100% of the common stock of LASAG AG, Thun (Switzerland) (“LASAG”), through RSTE. Additionally, the Company acquired the LASAG selling and service operations in Germany, Italy, Japan and the United States. LASAG is one of the original laser companies with more than 30 years of experience in the development and manufacturing of industrial solid-state lasers. LASAG markets and sells its laser products for fine cutting, spot welding, drilling and scribing applications to the medical device, automotive, electronic, and aerospace industries. In addition,

LASAG has special expertise in high-precision drilling and laser processing heads. This purchase resulted in goodwill of approximately $1.6 million and other intangibles, net of $2.3 million.

Effective August 24, 2011, the Company formed ROFIN BAASEL Laser India Pvt. Ltd. in Mumbai (India) as a wholly-owned subsidiary through its wholly-owned subsidiaries Rofin-Sinar Laser GmbH (99%) and Rofin-Baasel Lasertech GmbH & Co KG (1%). It started its operations in October 2011 and takes responsibility for sales and service of Rofin laser products in India.

BUSINESS STRATEGY

The Company's business strategy is to maximize shareholder value by (i) strengthening its position as a leading supplier to the global market for macro (cutting and welding) applications; (ii) capitalizing on its leadership position in marking applications; (iii) extending its position in micro (fine cutting, fine welding, perforating and structuring applications); (iv) cross-selling its various laser products to its existing large customer base; (v) enlarging its market coverage geographically and by developing new applications, and (vi) strengthening its product portfolio and customer base through acquisitions.

The Company believes that the major sources of its future growth will be the following:

- Developing New Laser Products through Technological Innovation: Product innovation in response to evolving customer needs for increased output power, greater penetration and higher processing speeds is a key component of the Company's strategy. The Company is currently focusing its research and development activity on expanding the output power range of its CO_2, diffusion cooled, wave-guide Slab lasers and enhancing the performance of its line of high power, fast-flow CO_2 lasers. The Company is also expanding its series of end and side pumped, solid-state lasers for marking and micro applications. In addition, the Company is actively engaged in the research and development of its low- and high-power fiber laser family to further expand its solid-state laser range for marking, micro, and macro applications. In addition, R&D is focused on expanding our component product range, especially in the field of passive and active fibers, laser diodes, power supplies, and fiber delivery systems.
- Focusing on Cross-Selling to Existing Customers in Target Markets: The Company intends to continue to focus its sales and marketing activities on its traditional target markets (the machine tool, automotive, semiconductor and electronics industries) as well as those markets it has entered more recently (the medical device, flexible packaging and photovoltaic industries). The Company has targeted and will continue to target these industries because they use advanced manufacturing processes that require continuing investments to improve production efficiency and because the Company has significant market presence in these sectors. To exploit its opportunities by developing new applications for existing laser technologies, the Company is further exploring the potential for use of its high power, Q Switch, diode pumped, solid-state laser for edge ablation in the photovoltaic industry or surface applications such as cleaning of materials. In addition, building on the success of its laser marking of small integrated circuits, the Company intends to develop new applications, such as fine welding, cutting and drilling for the semiconductor and electronics industry. In the packaging industry, the Company is seeking new opportunities for foil perforation based on its extensive knowledge of paper perforation with lasers. In the photovoltaic industry, the Company intends to further exploit structuring applications for its macro and micro laser products such as scribing of thin film solar cells.
- Capitalizing on Global Presence to Attract New Customers: The Company intends to capitalize on its customer base and the presence of its manufacturing, sales and service operations in the three principal geographic markets in which its customers operate (North America, Europe and the Asia/Pacific region) to increase market share in its existing industrial and geographic markets. The Company believes its global manufacturing, distribution and service network allows it to be more responsive to customers' needs and positions it to expand into additional promising markets which offer high long-term potential for growth.
- Offering Customized Solutions based on Standard Platforms: While the Company offers a wide range of laser applications and develops customized solutions for its customers, these applications and solutions are built on a focused number of product families comprised of standardized laser sources.

For example, for its OEM-customers in the machine tool industry, the Company provides customized power supply packaging services. For its marking customers, the Company combines its standard laser marker with customized parts handling and software. For its micro applications customers, the Company delivers its standard laser sources in different customized packages. The Company believes that this product strategy has contributed to increases in product sales and intends to continue offering focused customization services and pursuing its initiatives to standardize its core products so as to lower its production costs and continue to improve its profitability.

- Acquiring Complementary Business Operations or Products: Since 1997 the Company has successfully completed and integrated fourteeen acquisitions, including its acquisitions of Dilas (1997), assets of Palomar Technologies UK Ltd. (1998), Rasant-Alcotec Beschichtungstechnik GmbH (1999), Baasel Lasertech (2000), Z-Laser S.A. (2001), Optoskand AB (2004), PRC Laser Corporation and Lee Laser, Inc. (2004), H2B Photonics GmbH (2006, 2007 and 2011), ES Technologies Ltd. (2007), Corelase Oy (2007), m2k-laser GmbH (2007), Nufern (2008), NELC (2009), the coil winding business from Optelecom-NKF, Inc. (2010) and LASAG AG (2011) . Management believes that, collectively, these acquisitions have advanced the Company's worldwide expansion, consolidated the Company's position in the industrial laser material processing market and contributed to the Company's financial performance during the last several years. The Company will continue to seek opportunities to make value-based acquisitions that complement its business operations, broaden its product offerings or provide access to new geographical markets.

THE INDUSTRIAL LASER MARKET FOR MATERIAL PROCESSING

Over the past 35 years, lasers have revolutionized industrial manufacturing and have been used increasingly to provide reliable, flexible, non-contact, compact and high-speed alternatives to conventional technologies for processing various kinds of metal and non-metal materials in a broad range of advanced manufacturing applications. The industrial laser market is generally considered to be made up of laser sources sold for industrial applications including material processing, medical therapeutic, instrumentation, research, telecommunications, optical storage, entertainment, image recording, inspection, measurement and control, bar-code scanning, and other end-uses.

LASER TECHNOLOGY

The term "laser" is an acronym for "Light Amplification by Stimulated Emission of Radiation". Lasers were first developed in the early 1960s in the United States. A laser consists of an active lasing medium that gives off its own light (radiation) when excited, an optical resonator with a partially-reflective output mirror at one end, a fully-reflective rear mirror at the other that permits the light to bounce back and forth between the mirrors through the lasing medium, and an external energy source used to excite the lasing medium. A laser works by causing the energy source to excite (pump) the lasing medium, which converts the energy from the source into an emission consisting of particles of light (photons). These photons stimulate the release of more photons, as they are reflected between the two mirrors, which form the resonator. The resulting build-up in the number of photons is emitted in the form of a laser beam through an output port or "window". By changing the energy and the lasing medium, different wavelengths and types of laser light can be produced. The laser produces light from the lasing medium to achieve the desired intensity, uniformity and wavelength through a series of reflective mirrors. The heat generated by the excitation of the lasing medium is dissipated through a cooling mechanism, which varies according to the type of laser technology.

Lasers are used for material processing because of the excellent focusability of laser beams. When focused through lenses and mirrors, the energy density in the focus spot is so high that metals and other materials can be melted and vaporized. The principal factors that distinguish different types of lasers and determine the particular laser suitable for a specific application are wavelength, pulse duration, output power, spatial coherence, and cost per watt of laser power.

The principal types of laser technologies currently used for material processing are CO_2 lasers, solid-state lasers which is a category that also includes fiber lasers, and diode lasers.

CO_2 lasers, which use CO_2 gas as the lasing medium, are divided into high-power (above 500 watts) and low-power (below 500 watts) applications. There are two methods for CO_2 excitation, radio frequency ("RF" or "HF") and direct current ("DC") excitation. Most high-power CO_2 lasers are based on gas flow, in which a continuous supply of fresh laser gas flows through the laser cavity to create the energy necessary for excitation. Due to their ability to generate comparatively high levels of continuous-wave ("CW") power, CO_2 lasers are a particularly attractive laser medium for material processing applications. Material processing applications for CO_2 laser sources vary according to the power output and configuration of the laser system. The primary applications for high-power CO_2 lasers are cutting and welding of metal. Low-power CO_2 lasers are used principally for marking, cutting and engraving of non-metal materials. While both low- and high-power CO_2 lasers are used for cutting, the materials they are used to process and their physical size can vary significantly.

Traditional solid-state lasers use flash lamps or laser diodes as source of excitation and are referred to as "flash-lamp-pumped" or "diode-pumped" lasers. The lasing medium is a solid-state crystal, generally in the form of a rod or a disc. Widely used crystal rod material is either neodymium yttrium aluminium garnet (Nd:YAG) or neodymium vanadate ($Nd:YVO_4$). The rod is positioned in a cavity, which is either a gold or ceramic reflector, and pumped using flash lamps or laser diodes from the side, or alternatively the rod is pumped from its ends with laser diodes. Typical output powers vary from 3 to 1,000 watts from a single rod and output powers in the multiple kilowatt range can be achieved by combining several cavities within a resonator. In the "disc design" the lasing medium is a thin crystal (typically ytterbium:YAG) disc, which is excited by laser diodes in an optical multi-pass configuration. By using multiple thin disc laser heads within one resonator, several kilowatts of power can be generated.

Fiber lasers are solid-state lasers that have their origin in low-power information and communication applications and since 2003 have undergone a rapid development towards higher output powers, which makes this technology also interesting for higher-power material processing applications. The lasing medium, typically ytterbium, is contained in a waveguide (the fiber itself) and surrounded by a cladding which guides the pump light to the lasing medium. With in-fiber components like fiber bragg gratings, tapered fiber bundles (pump light couplers), power combiners and delivery fibers, from the generation of the light to the delivery of the light to the work piece, can be realized in an "all-in-fiber" technology. Today, a kilowatt of laser power can be generated from a single fiber not bigger in diameter than a human hair. Higher power can be generated by bundeling multiple fibers.

Diode lasers are based on special semiconductor structures on a gallium arsenide (GaAs) die to generate laser light. A typical 10 mm long laser diode bar contains approximately 25 single laser emitters. When mounted on a specially designed, highly-efficient heat sink, a laser diode bar is able to produce up to 100 watts of laser output power. A single high-power laser diode module consists of: (1) a semiconductor laser diode-bar; (2) a high-efficient heat sink, on which the laser bar is mounted; and optional (3) a micro-lens system, which is mounted in front of the laser bar to collimate or focus the light. Optical output power can be increased by combining the beamlets of several laser diode modules on top of each other. Through optical combination of such modules, output powers in the kilowatt range can be achieved. Diode lasers typically have larger spot diameters when focused, and are typically used for surface treatment, micro-hardening, soldering, and plastic welding.

THE COMPANY'S LASER PRODUCTS

The Company distinguishes itself from the majority of its competitors who specialize in only one or two of the three principal laser technologies for material processing by offering its customers CO_2, solid-state, including fiber lasers, and diode laser sources, and solutions in a variety of configurations and options. As a technological leader in CO_2, solid-state, fiber, and diode lasers, the Company is able to meet a broad range of its customers' cutting, welding, and marking requirements. The Company's lasers all deliver a high-quality beam at guaranteed power outputs and feature compact design, high processing speed, flexibility, low operating and maintenance costs, and easy integration into the customer's production process. The Company's engineers and other technical experts work directly with the customer in the Company's applications centers to develop and customize the optimal solution for the customer's manufacturing requirements.

The Company currently offers a comprehensive range of laser products and related services for three principal material processing applications:

- cutting, welding, and surface treatment (macro applications);
- marking; and
- fine cutting, fine welding, micro drilling, and fine structuring/ablation (micro applications).

Besides offering laser systems for some specialized niche applications, the Company works directly with its customers to develop and customize optimal solutions for their unique manufacturing requirements. In developing its laser-based solutions, the Company offers customers its expertise in:

- product development and manufacturing services based on over 35 years of laser technology experience and applications know-how;
- application and process development, which means developing new laser-based applications for manufacturing customers and assisting them in integrating lasers into their production processes;
- system engineering, which means advising customers on machine design, including tooling, automation and controls for customers in need of "turn-key" solutions; and
- extensive after-sales support of its laser products, including technical support, field service, maintenance and training programs, and rapid spare parts delivery.

The following table sets forth the Company's net sales of laser products used for macro applications, laser products used for marking and micro applications, and components in fiscal 2011, 2010, and 2009:

	September 30,		
Product Category*	2011	2010	2009
		(in thousands)	
Laser macro products	$ 237,449	$ 172,877	$ 140,362
Laser marking and micro products	302,330	206,535	168,131
Components	57,984	44,158	41,086
	$ 597,763	$ 423,570	$ 349,579

* For each laser product category, net sales include sales of service (including training, maintenance and repair) and spare parts.

The laser sources sold by the Company consist of a laser head (containing the lasing medium, resonator, source of excitation, resonator optics and cooling mechanism), power supply, and microcontroller (for control and monitoring). Selected laser systems provided by our Company are equipped with the uniform operating concept "ROFIN Control Unit" (RCU). RCU is a real-time laser and handling control device, which allows control of any laser mode. The user interface allows full access from a terminal (for instance a touch screen) that is located directly on the machines, or via a preceding PC with an Ethernet connection. The standardized ROFIN Control Network allows the extended diagnosis of all laser components via the Intranet, the Internet, or WLAN. With the open PLC programming system customers, can individually adapt the process sequence.

For a more detailed discussion of the components of a laser source, see "Laser Technology". Products are offered in different configurations and utilize different design principles according to the desired application.

The following table sets forth the Company's product categories by principal markets and principal applications:

PRODUCT CATEGORY	**PRINCIPAL MARKETS**	**PRINCIPAL APPLICATIONS**
Laser macro products	Machine tool	Cutting and welding of metals
	Automotive	Cutting and welding of metals
Laser marking products	Semiconductor and electronics	Marking of integrated circuits, wafers, solar cells, electronic components, and smart cards
	Automotive	Marking of labels and car components
Laser micro products	Medical devices, semiconductor and electronics, photovoltaic, dental and jewelry	Fine welding, fine cutting, micro structuring/ablation, and drilling
	Packaging and paper industry	Perforating and scribing of paper and foils
Components	Laser industry	

LASER MACRO PRODUCTS

The Company's business strategy for its macro laser business is to grow its revenues by:

- increasing its market share in its existing CO_2 laser market through increased sales of its low and high power, diffusion cooled, wave-guide Slab lasers and fast-axial flow CO_2 lasers;
- developing fiber lasers with higher output powers to achieve higher cutting speeds and deeper welding depths in order to broaden its addressable markets;
- further developing the Remote Welding, Tube Welding, Profile Welding, and Scanner Welding System concepts;
- continuing research and product engineering for its solid-state and fiber laser series to further penetrate the market and to further increase the output power or vary the wavelengths for specific applications.

The Company's high-power laser macro product offering consists of laser products which are produced and marketed under the following brand names: Rofin, PRC, NELC, and Dilas.

The Company's family of CO_2 laser products for macro applications, and their principal markets and applications, are discussed below.

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	PRINCIPAL APPLICATIONS
DC Slab Series	1.0 kW - 8.0 kW	High frequency	Machine tool Automotive	Cutting and welding
SC Series	100 W - 600 W	High frequency	Machine tool Automotive Packaging	Cutting and structuring
XL Series	1.0 kW - 1.5 kW	Direct current	Machine tool	Cutting and welding
STS Series	2.0 kW - 5.0 kW	Direct current	Machine tool	Cutting and welding
FH Series	6.0 kW - 8.0 kW	Direct current	Machine tool	Cutting and welding
SM Series	1.0 kW - 3.0 kW	Direct current	Machine tool	Cutting and welding

The Company believes that it is the only laser manufacturer of diffusion cooled, Slab-based lasers in the high-power range. In the DC Slab Series laser design, a radio-frequency excited gas discharge occurs between two water-cooled electrodes that have a large surface area that permits maximum heat dissipation. Principal markets for the Slab Series lasers are the machine tool and automotive industries.

The Company's SC Series diffusion cooled, wave-guide CO_2 lasers are developed and produced by Rofin-Sinar UK Ltd. The SC Series are sealed-off lasers, which are also based on the Slab laser principle used for the DC Slab Series. These lasers are used mainly for cutting and structuring applications. Principal markets are the machine tool, automotive, and packaging industries.

The Company's XL, STS, FH, and SM Series fast-axial flow CO_2 lasers are used for both cutting and welding applications and are marketed under the PRC and NELC brand. In the fast-axial flow principle, the gas discharge occurs in a tube in the same direction as the resonator, through which the laser gas mixture flows at a high speed. XL, STS, FH, and SM Series products are used primarily by the machine tool industry.

The Company's family of solid-state and fiber laser products for macro applications, and their principal markets, are discussed below.

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	PRINCIPAL APPLICATIONS
DQ Series	500 W - 1.0 kW	Laser diodes	Automotive, Consumer electronics, Photovoltaics	Surface treatment
FL Series	500 W - 4.0 kW	Laser diodes	Automotive, Machine tool	Cutting and welding

The Company's DQ Series of Q switched, solid-state lasers are designed for applications such as removal, cleaning, and insulation of various materials in the automotive, consumer electronics, and photovoltaic markets. To meet the different demands of these target markets, DQ Series lasers offer a couple of set up options which differ in power, pulse energy, and number of laser sources per unit.

The Company's FL Series of high-brightness single or multi-mode fiber lasers use special fiber optics as the active medium. These fiber lasers are suitable for classic cutting and welding applications as well as for new applications such as remote cutting. In contrast to common laser concepts in which the created laser beam switches repeatedly between air and the active medium, this laser beam does not leave the fiber optic before entering the working process optic or the beam switch with subsequent launching into the working process. Due to this "all-in-fiber" technology, the risk of contamination can be eliminated. Beam switches and energy splitters are available options allowing up to four work cells to be operated with only one laser.

The Company's family of diode laser products for welding, soldering and surface treatment applications, and their principal markets, are discussed below.

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	PRINCIPAL APPLICATIONS
Diode Lasers	1.0 kW - 3.6 kW	Direct current	Machine tool, Automotive sub-supplier	Surface treatment, Hardening, Cladding

The Company's high-power diode lasers are designed to meet the requirements of a wide range of soldering, and surface treatment applications, i.e. in the machine tool industry.

LASER MARKING PRODUCTS

The Company entered the laser-marking business in 1989 when it acquired Laser Optronic GmbH from Coherent General, Inc. and designed and introduced the "PowerLine" laser marker. Since then the Company has developed a broad line of market leading laser markers that deliver optimal results in terms of quality and speed on a wide range of materials. Based on its vast experience, Rofin offers standardized and customized laser marking systems in different power ranges and wavelengths for use in various industrial segments. Strength and experience in research and development, application and software ensure innovative, standardized and tailored solutions which meet most exigent customer demands. The Company's laser marking products incorporate high value-added software – VisualLaserMarker – that provide the customer full control of the laser marking process.

The Company believes that the following factors have contributed to the growth that it has experienced in the laser marking business:

- the Company's ability to tailor its laser marking solutions to the customer's requirements;
- the Company's expertise in solid-state laser beam power in different wavelengths, mode structure and high-frequency switching capability, which provides optimal quality in terms of marking contrast and speed on a wide variety of materials;
- the Company's proprietary software – VisualLaserMarker – which provides an interface between the laser marking products and the customer's computers, and supports a broad range of network communication software; and
- the Company's focus on innovation, which is reflected in cutting-edge products that satisfy standard as well as complex market requirements.

The Company's business strategy for its laser marking business is four-fold:

- to expand its position in worldwide laser marking markets with a particular focus on the semiconductor, electronics, automotive, and smart card industries;
- to offer a balanced product portfolio covering different technologies and wavelengths (i.e. CO_2, fiber, green, infrared and UV lasers) that addresses high-end and general application markets;
- to pursue application development for existing and new products; and
- to capitalize on its installed base of lasers by cross-selling the Company's products to its existing customers.

The Company's laser marking product offering consists of laser products which are produced and marketed under the following brand names: Rofin and Nufern.

The Company's family of laser marking products is as follows:

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	PRINCIPAL APPLICATIONS
PowerLine	2 W - 100 W	Laser diodes, Flash lamps or CO_2	Semiconductor, Electronics, General marking applications	Integrated circuit marking, Marking of metals plastics and organic materials, Day and Night design, Smart card
MultiScan	100 W	High frequency	Packaging	Consumer goods marking
LabelMarker Series	Stand-alone laser based system		Automotive	Label marking
EasyMark	Laser workstation		General marking applications, Medical components, Tool industry	Metal and plastics marking
EasyJewel	Laser workstation		Jewelry marking	Metal marking
CombiLine Series	Laser workstation for integration of a wide range of Rofin laser markers		General marking applications	Metal and plastics marking
NuQ Fiber Series	20 W - 30 W	Laser diodes	OEM	Marking, Engraving

PowerLine – The Company's standard PowerLine laser marking products consist of a range of lasers with output power from 2 watts to 100 watts with a galvo-head, a personal computer with state-of-the-art processor and Rofin's proprietary VisualLaserMarker software. The modular design of the PowerLine markers with 19" components enable the customers to order the most suitable configuration for their production processes or systems (e.g. OEM-customers may order the laser head and 19" modules, for easy integration into the system specified by the end-user). The PowerLine solid-state lasers incorporate diode modules which result in higher output power (and therefore higher marking speeds), high beam quality (and therefore constant and reliable marking quality), and longer service intervals. New-generation, completely air-cooled solutions provide further increases in efficiency in a compact size. PowerLine marking products are also available with fiber lasers with output powers of up to 50 watts (i.e. with PowerLine F 50), ensuring higher energy efficiency and therefore reduced operating costs. The availability of different wavelengths in the product portfolio enables to provide solutions for a wide range of applications. Especially the frequency multiplied lasers (green, UV) open new areas for the industrial utilization. The Company's proprietary VisualLaserMarker software provides customers with a user-friendly software environment that allows them to select fonts, import graphics, preview marking and control all laser parameters and job programs. Special options and accessories include a double marking head allowing speeds of up to 1,600 characters per second in certain applications (most notably marking of integrated circuits), as well as beam-switching and -splitting options for marking of products in multiple production lines using a single laser. Their main application - among a wide variety of possible applications - is marking in the semiconductor and electronics industries.

MultiScan VS – This vector scanning marker utilizes a 100 watts sealed-off CO_2 laser and features the ability to mark components that are moving at high speeds. The main application is the marking of consumer goods in the packaging industry.

LabelMarker Advanced – This stand alone, laser-based system is Rofin's state-of-the art solution when it comes to high demands concerning speed and reliability in the process of label marking. The LabelMarker Advanced delivers high efficiency and short marking time due to an integrated, powerful laser. As a comprehensive all-in-one solution, the LabelMarker Advanced is compact and comfortable. This laser system with a class 1 safety rating can be used in any production area without additional safety requirements.

EasyMark – The EasyMark is a class 1 safety rating transportable desktop device. The 110 V to 230 V connection and integrated cooling based on thermo-electrical technology guarantees quick and easy initial operation. The EasyMark offers a program-controlled z-axis and a rotary axis which can optionally be integrated. An aluminum T-slot plate facilitates mounting of customer-specific work piece carriers, thereby allowing the processing of work pieces of different sizes and shapes.

EasyJewel – The EasyJewel is a transportable desktop device with a class 1 safety rating specially developed to mark jewelry. The laser system offers the benefits of non-contact, abrasion-resistant, permanent marking onto almost any type of precious material with high speed and precision. Special machine features include quick and exact loading of regular and special shapes, jogging function to reach the optimum marking position and various software capabilities.

CombiLine Cube/CombiLine Advanced – These compact laser workstations have been designed for small and medium-size batches. They integrate a wide range of Rofin laser markers depending on the customer's specific application. Supply units are incorporated in the housing to provide efficient use of the floor space. Different versions either with rotary or work table with various axes enable exact adaptation to the required tasks.

NuQ – These pulsed fiber laser sources are produced and marketed under the Nufern brand and are designed for OEM customers and integrators. Their compact industry standard footprint allows easy integration into marking systems in a variety of industries.

LASER MICRO PRODUCTS

After the acquisition of Baasel Lasertech in 2000, the Company formed a separate sales and marketing group focused on micro applications. This group markets and sells a broad range of laser products, including pulsed, fiber and other solid-state lasers for various spot and seam welding and fine cutting applications, CO_2 Slab lasers for perforating applications, Q switched, solid-state and ultra short pulse lasers for surface structuring/ablation, cutting and drilling, and diode lasers for soldering and plastic welding applications.

The Company's business strategy for its micro applications business is to:

- continue to develop customers in the consumer electronics industry for fine welding and cutting applications;
- focus on manufacturers of medical instruments and implants within the medical device industry using mainly the applications cutting and welding;
- increase its sales of perforating systems to the packaging industry for applications like easy-tear and special perforated foils for food packaging that allow the transfer of air and keep moisture in packaged goods;
- further broadening its existing portfolio through expanding the output power range and offering different wavelengths (i.e. UV, infrared, green) and different laser technologies (i.e. fiber lasers, ultra short pulse lasers);
- increase its sales in the photovoltaic market with different applications;
- develop new markets for ultra short pulse laser applications; and
- develop/broaden applications such as turbine drilling for the aerospace or power generation industries

The Company's laser micro product offering consists of laser products which are produced and marketed under the following brand names such as Rofin, DILAS, Corelase, Lee Laser, or LASAG.

The Company's family of laser products for micro applications is as follows:

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	PRINCIPAL APPLICATIONS
Manual Welders	60 W - 200 W	Flash lamp	Jewelry, Mold making, Medical device	Spot and seam welding
StarPulse	40 W - 500 W	Flash lamp	Medical device, Electronics	Spot and seam welding
StarFiber	100 W – 600 W	Diode	Electronics, Medical device	Fine cutting Fine welding
X-Lase	1 W – 24 W	Diode	Semiconductor, Electronics	Scribing
StarFemto	1 W – 5 W	Diode	Medical	Cutting, Structuring
PerfoLas Systems	1,000 – 2,000 W	Direct current	Paper	Perforating
StarShape Systems	100 – 600 W	Direct current	Packaging	Cutting Drilling Structuring
UW and MPS Laser Systems	n.a.	n.a.	Electronics, Medical device, Automotive, Semiconductor	Cutting, Welding, Structuring
Series 800	4 W – 1,000 W	Flash lamp	OEM	Micro/Marking
Series LDP	10 W – 800 W	Diode	OEM	Micro/Marking
Series LEP	2 W – 20 W	Diode	OEM	Micro/Marking
Series LDPP	8 W – 200 W	Diode	OEM	Fine cutting
Series LLP	500 W – 1,000 W	Flash lamp	OEM	Welding, Cutting
COMPACT/MINI Diode Laser System Series	25 W – 500 W	Diode	Automotive, Electronics, Medical device, Consumer goods	Plastic welding, Soldering
KLS 246 Series	20 W – 120 W	Flash lamp	Automotive, Medical device Consumer goods	Fine cutting, Precision drilling, Scribing
FLS Series	120 W – 500 W	Flash lamp	Aerospace, Power Generation, Tooling, Photovoltaic	Drilling, Cutting, Welding

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	PRINCIPAL APPLICATIONS
LFS Series	150 W – 200 W	Diode	Medical device, Electronics, Tool industry, Watch industry	Precision cutting and welding
SLS CL Series	5 W – 250 W	Flash lamp	Medical device, Electronics, Automotive	Spot and seam welding

Manual Welders – The Company's manual welders for micro applications, which are sold under the name Performance, Tool Open and Integral, consist of pulsed, solid-state lasers in the range of 60 to 200 watts, which are primarily used for fine welding applications in the medical device, jewelry and mold making industries.

StarPulse Series – The StarPulse Series consists of pulsed Nd:YAG rod lasers with power ratings from 40 to 500 watts. StarPulse lasers provide high peak powers and high pulse-to-pulse stability and are designed for use in fine welding applications such as laser welding of highly reflective materials in the medical device and electronics industry.

StarFiber Series – The robust and compact fiber laser systems of the StarFiber Series achieve nominal powers of 100 to 600 watts. The lasers can be operated in either pulse-modulated or continuous wave mode. The StarFiber Series is designed for a broad range of applications including fine welding, such as welding of electromechanic components, and fine cutting, such as in the production of medical devices.

X-Lase – The X-Lase Series comprise of picosecond pulse mode-locked fiber laser systems with a maximal output power of 24 watts. Main markets are in the semiconductor, electronics, and display industries. In these industries the X-Lase products can be used for thin film patterning, ablation, and scribing applications. The X-Lase Series are manufactured and marketed under the Corelase brand.

StarFemto – The StarFemto Series is comprised of femtosecond pulse mode-locked laser systems with a maximal output power of 5 watts. Main markets are medical implants and other fine cutting or structuring applications.

PerfoLas Systems – The PerfoLas Systems consist of a high-power CO_2 laser and a specially designed beam delivery and paper handling system that includes a laser beam splitter (PerfoLas Multiplexer) which allows customers to drill more than 500,000 holes per second into paper or foils. The primary application for these lasers is perforation of paper and foils.

StarShape Systems – Each StarShape System consists of a CO_2 laser in combination with a galvo scanning head and is used for precise cutting, drilling, and surface structuring.

The Universal Workstation (“UW”) and Modular Processing System (“MPS”) Series are modular, standard laser-based systems that have been designed to meet a variety of applications including welding, cutting, surface modification, and ablation. Depending on the application, the UW and MPS Systems can be equipped with different laser sources (femtosecond, fiber, diode, or solid-state laser) and modified for specific handlings.

Series 800 are flash-lamp pumped, solid-state lasers which are produced and marketed under the Lee Laser brand and sold to OEM-customers and system integrators for various micro and marking applications.

Series LDP and LEP are diode pumped, solid-state lasers that are produced and marketed under the Lee Laser brand and sold to OEM-customers and system integrators for various micro and marking applications.

Series LDPP are diode pulse-pumped Nd:YAG lasers that are produced and marketed under the Lee Laser brand and are designed specifically to precision cut thin metals. Main market is the medical device industry.

Series LLP are lamp pumped, solid-state lasers which are designed for welding and cutting applications. These lasers are produced and marketed under the Lee Laser brand.

The COMPACT and MINI Diode Laser System Series are laser systems that are manufactured and marketed under the DILAS brand. These systems are available in a wide range of output powers and wavelengths, including fiber-coupled direct beam or line source solutions, and are engineered for utilization in industrial laser materials processing, mainly for plastic welding, soldering and brazing applications in the automotive, medical device and electronic industries.

KLS 246 Series – The KLS Series lasers are pulsed solid-state lasers that provide excellent beam quality and high peak power, which are ideal for fine cutting, drilling and scribing applications.

The FLS Series are lamp pumped, pulsed, solid-state lasers with high peak power for deep penetration cutting, welding and drilling for high throughput. Targeted industries are mainly the aerospace, power generation, tooling and solar industries.

LFS Series – The pulsed fiber lasers of the LFS Series provide high pulse peak power and high beam quality, and are ideally suited for processing a wide range of maertials in the medical device, electronics, tooling and watch industries.

SLS CL Series – The lasers of this series are pulsed Nd:YAG solid-state lasers with output powers in the range of 5 to 250 watts with outstanding process features for welding challenging metals and dissimilar materials. The SLS Series lasers are state-of-the-art production tools in the medical device industry, but are also used in many other applications in the aerospace, power generation, electronics and automotive industries.

The KLS 246, SLS CL, FLS and LFS Series are all manufactured by the Company's recently acquired business, LASAG AG. A broad variety of accessories such as specific beam delivery components, scanners, as well as different processing heads for cutting, welding or drilling applications are offered in combination with these micro products.

COMPONENTS

Power Supplies – The Company offers power supplies for pulsed and continuous wave solid-state lasers, CO_2 lasers, diode lasers, as well as RF generators for acousto-optic Q-switches through its wholly-owned subsidiary PMB Elektronik GmbH.

Fiber and Optics Technology – Special fiber lasers, fiber coupling products and optical engines for primary use in fiber lasers are manufactured and marketed by the Company’s Finland-based subsidiary Corelase Oy.

Laser Diodes and Modules – High-power semiconductor components such as high power, high-brightness laser diodes and modules are manufactured and marketed by the Company’s subsidiaries Dilas Diodenlaser GmbH, Dilas Diodelaser Inc., Dilas Diodelaser China, and m2k-laser GmbH.

Fibers and Fiber Optic Beam Deliveries - Fibers, fiber components, beam splitters or switches and beam combiners designed for use in industrial lasers or as beam delivery systems are manufactured and marketed by Optoskand AB.

Active and Passive Fibers and Amplifiers - Fibers and fiber laser technology components are developed, manufactured and marketed by Nufern, East Granby.

The Company’s high-technology components are either integrated by other laser manufacturers into their products or are used for the Company’s own product portfolio.

APPLICATIONS DEVELOPMENT

In addition to manufacturing and selling laser sources for macro applications and marking and micro applications, Rofin operates application centers in fourteen countries where it develops laser-based solutions for customers seeking alternatives to conventional manufacturing techniques. Revenues derived from application development are not a significant component of total revenues. Applications development is generally a support service to the sales and marketing function and is performed to customize the laser to the particular needs of the customer. The Company currently has approximately 50 employees in applications development.

MARKETS AND CUSTOMERS

Rofin sells its laser products and laser-based system solutions to a wide range of industries. Our principal markets are the machine tool, semiconductor, electronics, photovoltaic, and automotive industries. The following table sets forth the allocation of the Company's total laser-related sales excluding service, spare parts, and components among our principal markets:

	Fiscal Years			
Principal Market	2011	2010	2009	Primary Applications
Machine Tool	38%	39%	34%	Cutting and welding
Semiconductor, Electronics, and Photovoltaic	28%	26%	24%	Marking of integrated circuits, electronic components, smart cards, and structuring of solar cells
Automotive & Sub-Supplier	7%	5%	8%	Cutting, welding and component marking
	73%	70%	66%	

The remaining 27%, 30%, and 34%, of total laser sales in fiscal 2011, 2010, and 2009, respectively, were attributable to customers in a wide variety of other industries including aerospace, consumer goods, medical device manufacturing, flexible packaging, job shops, jewelry, universities, and institutes. No one customer accounted for over 10% of total sales in any of these periods.

SALES, MARKETING AND DISTRIBUTION

Rofin sells its products in approximately 65 countries to OEMs, systems integrators and industrial end-users who have in-house engineering resources capable of integrating Rofin's products into their own production systems. Lasers for cutting applications are marketed and sold principally to OEMs in the machine tool industry who sell laser cutting machines incorporating Rofin's products without any substantial involvement by Rofin. Lasers for welding applications are marketed and sold both to systems integrators and to end-users. Laser marking products are marketed and sold directly to end-users and to OEMs for integration into their handling systems (mainly for integrated circuit, solar cell, and smart card marking applications). Laser micro products are marketed and sold directly to end-users and to OEM-customers (mainly for solar cell and jewelry applications). In the case of both welding lasers and laser marking products, the end-user is significantly involved in the selection of the laser component. In these cases, Rofin's application engineers work directly with the end-user to optimize the application's performance and demonstrate the advantages of the Company's products.

Rofin has approximately 140 direct sales engineers operating in 24 countries, approximately 45 of whom are dedicated to marketing lasers for macro applications and approximately 95 of whom are dedicated to marketing lasers for marking and micro applications. Rofin sales engineers work either in a well-defined geographic territory or are dedicated to specific industries or applications. In addition, Rofin has 39 independent representatives marketing the Company's laser products in Australia, Austria, Argentina, Brazil, China, Denmark, Eastern Europe, Finland, France, Germany, Hungary, India, Israel, Italy, Japan, Korea, Northern

Africa, Norway, the Middle East, the Philippines, Russia, Singapore, South Africa, Slovenia, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Kingdom, and the United States. These independent representatives provide Rofin with sales leads and opportunities, but do not distribute Rofin's products. All sales and delivery of product are conducted by the Company. Of the independent representative agreements, 18 are on an exclusive basis, with the other 21 on a non-exclusive basis. These agreements provide for a standard percentage of the net sales price to be paid as commissions to the representatives. The duration of the agreements is usually one year (with an automatic one-year extension) and a six-month cancellation clause.

Rofin directs its worldwide sales and marketing of lasers for macro applications from its offices in Hamburg (Germany) and Kingston upon Hull (UK), and of laser diode components, from Mainz and Freiburg (both (Germany). Worldwide sales and marketing of laser marking products is directed from Rofin's offices in Gunding-Munich (Germany) and, for laser micro products and power supplies, from Starnberg (Germany). Optical engines for fiber lasers for the worldwide market are sold and marketed from Tampere (Finland) and East Granby (USA), and fiber optics and beam delivery systems are sold and marketed from Gothenburg (Sweden). In Europe, Rofin also maintains sales and service offices in Belgium, France, Italy, the Netherlands, Spain, Switzerland, and the United Kingdom.

North American sales of Rofin's macro and micro laser products are managed out of the Company's Plymouth, Michigan, facility and of its marking products are managed out of its Devens, Massachusetts, facility. The Company also maintains sales offices in Chandler, Arizona, Buffalo Grove, Illinois, and Santa Clara, California, to support the expansion of Rofin's laser business in the North American market and a sales and service office in Mississauga (Canada) to support the Canadian market. North American sales of diode laser components are directed from Tuscon, Arizona.

PRC Laser directs its worldwide sales and marketing of lasers for macro applications from its office in Landing, New Jersey, Lee Laser directs its worldwide sales and marketing of laser for micro applications from its office in Orlando, Florida, and LASAG directs its worldwide sales and marketing of laser for micro applications from its office in Thun, Switzerland. All three companies sell their products independently under their own brands.

The Company maintains sales and service offices in China, India, Japan, Singapore, South Korea and Taiwan. Over the next five years, the Company expects demand for industrial lasers to increase in the Asia/Pacific region. The Company believes that the geographic markets with the greatest long-term potential in the future are China and India, principally due to the expansion of domestic machine tool, automobile, semiconductor, electronic, and photovoltaic production in these countries.

CUSTOMER SERVICE, REPLACEMENT PARTS AND COMPONENTS

During fiscal 2011, 2010, and 2009, approximately 36%, 40%, and 42%, respectively, of the Company's revenues were generated from sales of after-sales services, replacement parts and components for laser products. The Company believes that a high level of customer support is necessary to successfully develop and maintain long-term relationships with its OEM and end-user customers. This close relationship is maintained as our customers' needs change and evolve.

Recognizing the importance of its existing and growing installed multinational customer base, the Company has expanded its local service and support platform into new geographic regions. Rofin has 403 customer service personnel. The Company's field service and in-house technical support personnel receive ongoing training with respect to the Company's laser products, maintenance procedures, laser-operating techniques, and processing technology. Most of the Company's OEM-customers also provide customer service and support to end-users.

Many of Rofin's laser products are operated 24 hours a day in high speed, quality-oriented manufacturing operations. Accordingly, the Company provides 24 hour, year-round service support to its customers in the United States, Germany, and the majority of other countries in which it operates. The Company plans to continue adopting similar service support elsewhere. In addition, eight-hour response time is provided to certain key customers. This support includes field service personnel who reside in close proximity to the Company's installed base. The Company provides customers with process diagnostic and verification techniques, as well as specialized training in the operation and maintenance of its systems. The Company also offers regularly scheduled and intensive training programs and customized maintenance contracts for its customers.

Of Rofin's 403 customer service personnel, approximately 235 employees operate in the field in about 50 countries. Field service personnel are also involved in the installation of the Company's systems.

Rofin's approach to the sale of replacement parts is closely linked to the Company's strategic focus on rapid customer response. The Company provides around-the-clock order entry and provides same or next day delivery of parts worldwide in order to minimize disruption to customers' manufacturing operations. Rofin typically provides a minimum one-year warranty for its products with warranty extensions negotiated on a case-by-case basis. It agrees to after-sales service and parts supply up to a period of 10 years, if requested by a customer. The Company's growing base of installed laser sources and laser-based systems is expected to continue to generate a stable source of parts and service sales.

In addition, the Company offers components such as OEM laser modules, optical engines, laser diodes, active and passive fibers, fiber optic delivery systems, and power supplies. These high-technology components are mainly sold to other laser manufacturers for use in their products.

COMPETITION

Laser Macro Products

The market for laser macro products and systems is fragmented and includes a large number of competitors, many of which are small or privately owned or which compete with Rofin on a limited geographic, industry-specific or application-specific basis. The Company also competes in certain target markets with competitors that are part of large industrial groups and have access to substantially greater financial and other resources than Rofin. The overall competitive position of the Company will depend upon a number of factors, including product performance and reliability, price, customer support, manufacturing quality, the compatibility of its products with existing laser systems, and the continued development of products utilizing the technologies of diode lasers, diode pumped, solid-state lasers and fiber lasers. Competition among laser manufacturers is also based on attracting and retaining qualified engineering and technical personnel.

Rofin believes it is among the top three suppliers of laser sources in the worldwide market for macro applications. Companies such as Trumpf and Fanuc (for high-power CO_2 lasers), Synrad and Coherent (for low-power CO_2 lasers), Trumpf and IPG (for solid-state or fiber lasers), and Laserline and Jenoptik (for diode lasers and laser diodes) compete in certain of the markets in which Rofin operates. However, in the Company's opinion, none of these companies compete in all of the industries, applications and geographic markets currently served by Rofin. We believe that only Trumpf has a product range and worldwide presence similar to that of the Company.

Laser Marking and Micro Products

Significant competitive factors in the laser marking and micro market include system performance and flexibility, cost, the size of each manufacturer's installed base, capability for customer support and breadth of product line. Because many of the required components to develop and produce a laser product for marking applications are commercially available, barriers to entry into this market are low and the Company expects new competitive products to enter this market. The Company believes that its product range for marking and micro applications will compete favorably in this market primarily due to its performance and price characteristics of such products.

The Company's laser marking products compete with conventional ink-based and acid-etching technologies, as well as with laser mask-marking. The Company's micro products compete with conventional welding, etching and spark erosion technologies. The Company believes that its principal competitors in the laser marking and micro market include Trumpf, GSI Group, Unitek Miyachi, Han's Laser, and IPG.

Rofin also competes with manufacturers of conventional non-laser products in applications such as welding, drilling, soldering, cutting, and marking. The Company believes that as manufacturing industries continue to modernize, seek to reduce production costs and require more precise and flexible production, the features of laser-based systems will become more desirable than systems incorporating conventional material processing techniques and processes. The increased acceptance of these laser applications by industrial users will be enhanced by laser product line expansion to include lower and higher power CO_2 lasers, variations in

wavelength, advancements in fiber-optic beam delivery systems, improvements in reliability, and the introduction of lower and higher power diode lasers and diode pumped, solid-state lasers, and fiber lasers, capable of performing heavy industrial material processing and marking and micro applications.

MANUFACTURING AND ASSEMBLY

Rofin manufactures and tests its high-power CO_2, solid-state and fiber laser macro products at its Hamburg (Germany), Plymouth, Michigan, Landing, New Jersey, and Nanjing (China) facilities. The Company's laser marking products are manufactured and tested at its facilities in Gunding-Munich (Germany), Starnberg (Germany), Oxford (UK), Singapore, and Devens, Massachusetts. Rofin's micro application products are manufactured and tested in Starnberg (Germany), Tampere (Finland), Thun (Switzerland) and Orlando, Florida. The Company's diode laser products are manufactured and tested at its Mainz (Germany), Freiburg (Germany), Nanjing (China), and Tucson, Arizona, facilities. The Company's low-power CO_2 laser products are manufactured and tested in Kingston upon Hull (UK). Coating of Rofin's Slab laser electrodes is performed at the Overath (Germany) facility. The Company's fiber optics and beam delivery systems are manufactured and tested in Gothenburg (Sweden), and power supplies are manufactured and tested in Starnberg (Germany). The Company's active and passive fibers and amplifiers are manufactured and tested in East Granby, Connecticut. Optical engines for fiber lasers and fiber lasers modules are manufactured in Tampere (Finland).

Given the competitive nature of the laser business, the Company focuses substantial efforts on maintaining and enhancing the efficiency and quality of its manufacturing operations. The Company utilizes just-in-time and cell-based manufacturing techniques to reduce manufacturing cycle times and inventory levels, thus enabling it to offer on-time delivery and high-quality products to its customers.

Rofin's in-house manufacturing includes only those manufacturing operations that are critical to achieve quality standards or protect intellectual property. These manufacturing activities consist primarily of product development, testing of components and subassemblies (some of which are supplied from within the Company and others of which are supplied by third party vendors and then integrated into the Company's finished products), assembly and final testing of the completed product, as well as proprietary software design and hardware/software integration. Although the Company minimizes the number of suppliers and component types wherever practicable it has at least two sources of supply for key items. Rofin has a qualifying program for its vendors and generally seeks to build long-term relationships with such vendors. The Company purchases certain major components from single suppliers. The Company estimates that 16% of its revenues are from the sale of products that require specialized components currently only available from single sources. Rofin has written agreements with such suppliers and has not had material delays in supplies from these sources. The Company believes that it could, if necessary, purchase such components from alternative sources, within four to six months, following appropriate qualification of such new vendors.

Rofin is committed to meeting internationally recognized manufacturing standards. Its Hamburg, Gunding-Munich, Starnberg, Mainz, Overath (all Germany), Thun (Switzerland), Gothenburg (Sweden), Monza (Italy), Paris (France), Kingston upon Hull (UK), Singapore, Pamplona (Spain), Nanjing (China), East Granby, Connecticut, and Tucson, Arizona, facilities are ISO 9001 certified.

RESEARCH AND DEVELOPMENT

During fiscal 2011, 2010, and 2009, Rofin's net spending on research and development was $38.3 million, $30.1 million, and $31.5 million, respectively. The Company's net spending on research and development mainly reflects receipt of funding under German government and European Union grants totaling $2.3 million, $2.6 million, and $2.0 million in fiscal 2011, 2010, and 2009, respectively. Rofin has approximately 270 employees engaged in product research and development.

Rofin's research and development activities are directed at meeting customers' manufacturing needs and application processes. Core competencies include CO_2 gas lasers, solid-state lasers, fiber lasers, diode lasers, precision optics, electronic power supplies, fibers, fiber optics, beam delivery, control interfaces, software programming, and systems integration. The Company strives for customer-driven development activities and

promotes the use of alliances with key customers and joint development programs in a wide range of its target markets.

The Company's research and development activities are carried out in fifteen centers in Hamburg, Gunding-Munich, Starnberg, Freiburg, and Mainz (all Germany), Kingston upon Hull (UK), Gothenburg (Sweden), Tampere (Finland), Thun (Switzerland), Plymouth, Michigan, Landing, New Jersey, Orlando, Florida, Tucson, Arizona, East Granby, Connecticut (all USA), and Nanjing (China), and are centrally coordinated and managed. Rofin maintains close working relationships with the leading industrial, government and university research laboratories in Germany, including the Fraunhofer Institute for Laser Technology in Aachen, the Institute for "Technische Physik" of the German Space and Aerospace Research Center in Stuttgart, the Institute for "Strahlwerkzeuge" of the University of Stuttgart, the Fraunhofer Institute for Material Science in Dresden, the Laser Center in Hanover, and elsewhere around the world, including the University of Edinburgh in the United Kingdom. These relationships include funding of research, joint development programs, personnel exchange programs, and licensing of patents developed at these institutes.

INTELLECTUAL PROPERTY

Rofin owns intellectual property, which includes patents, proprietary software, technical know-how and expertise, designs, process techniques, and inventions.

While policies and procedures are in place to protect critical intellectual property rights, Rofin believes that its success depends to a larger extent on the innovative skills, know-how, technical competence and abilities of Rofin's personnel.

Rofin protects its intellectual property in a number of ways including, in certain circumstances, patents. Rofin has sought patent protection primarily in the United States, Europe, and Japan. Rofin currently holds 210 patents for inventions relating to lasers, processes and power supplies with expiration dates ranging from 2013 to 2030. In addition, 101 patent applications have been filed and are under review by the relevant patent authorities. The Company holds 71 exclusive and non-exclusive licenses of patents and pending patent applications with relevance to its products and laser technology. Rofin requires its employees and certain of its customers, suppliers, representatives, agents, and consultants to enter into confidentiality agreements to further safeguard Rofin's intellectual property.

Rofin, from time to time, receives notices from third parties alleging infringement of such parties' patent or other intellectual property rights by Rofin's products. While these notices are common in the laser industry and Rofin has in the past been able to develop non-infringing technology or license necessary patents or technology on commercially reasonable terms, Rofin cannot assure that it would in the future prevail in any litigation seeking damages or expenses from Rofin or to enjoin Rofin from selling its products on the basis of such alleged infringement. Nor can Rofin assure that it would be able to develop any non-infringing technology or to license any valid and infringed patents on commercially reasonable terms. In the event any third party made a valid claim against Rofin or its customers and a license were not made available to Rofin on commercially reasonable terms, Rofin would be adversely affected.

From time to time, Rofin files notices of opposition to certain patents on laser technologies held by others, including academic institutions and competitors of Rofin, which the Company believes could inhibit its ability to develop laser products for industrial material processing applications.

ORDER BACKLOG

The Company's order backlog was $153.2 million, $138.9 million, and $87.6 million, as of September 30, 2011, 2010, and 2009, respectively. The Company's order backlog, which contains relatively little service, training and spare parts, represents approximately three months of laser shipments. The increase in the Company's order backlog, from September 30, 2010, to September 30, 2011, was attributable to 28% higher orders for macro applications, 30% higher orders for micro and marking applications, and 26% higher orders for components. The fluctuation of the U.S. dollar in fiscal 2011 had a favorable effect of approximately $3.3 million on year-to-year order backlog. The increase in the Company's order backlog from September 30, 2009, to September 30, 2010, was attributable to 60% higher orders for macro applications, 71% higher orders for micro and marking applications and 32% higher orders for components. The fluctuation of the U.S. dollar in fiscal 2010 had a negligible effect on year-to-year order backlog.

An order is entered into backlog by Rofin when a purchase order with an assigned delivery date has been received. Delivery schedules range from one week to six months, depending on the size, complexity and availability of the product or system ordered, although typical delivery dates for laser source products range between 6-12 weeks from the date an order is placed. Although there is a risk that customers may cancel or delay delivery of their orders, orders for standard non-customized lasers can typically be allocated to other customers without significant additional costs. The Company also manages this risk by establishing the right to charge a cancellation fee that covers any material and developmental costs incurred prior to the order being cancelled. Enforcement of this right is dependent on many factors including, but not limited to, the customer's requested length of delay, the number of other outstanding orders with the same customer, and the ability to quickly convert the canceled order to another sale.

The Company anticipates shipping the present backlog during fiscal 2012. However, the Company's backlog at any given date is not necessarily indicative of actual sales for any future period.

EMPLOYEES

At September 30, 2011, Rofin had 2,108 full-time employees, of which 1,021 were in Germany, 399 in the United States, 5 in Canada, 37 in France, 43 in Italy, 150 in the United Kingdom, 28 in Spain, 9 in the Netherlands, 38 in Sweden, 48 in Finland, 11 in Belgium, 33 in Singapore, 17 in Korea, 17 in Taiwan, 167 in China, 55 in Switzerland, and 30 in Japan, whereas at September 30, 2010, Rofin had 1,822 full-time employees, of which 918 were in Germany, 311 in the United States, 4 in Canada, 35 in France, 42 in Italy, 137 in the United Kingdom, 31 in Spain, 10 in the Netherlands, 39 in Sweden, 29 in Finland, 11 in Belgium, 31 in Singapore, 15 in Korea, 17 in Taiwan, 156 in China, 5 in Switzerland, and 31 in Japan. The average number of employees for the fiscal year ended September 30, 2011, was 1,972.

While the Company's employees are not covered by collective bargaining agreements and the Company has never experienced a work stoppage, slowdown or strike, the Company's employees at its Hamburg and Starnberg facilities are each represented by a nine-person works council and in Gunding-Munich by a seven-person works council. Additionally, Hamburg and Gunding-Munich are represented by a four-person central works council. Matters relating to compensation, benefits and work rules are negotiated and resolved between management and the works council for the relevant location. The Company considers its relations with its employees to be good.

GOVERNMENT REGULATION

The majority of the Company's laser products sold in the United States are classified as Class IV Laser Products under applicable rules and regulations of the Center for Devices and Radiological Health ("CDRH") of the U.S. Food and Drug Administration. The same classification system is applied in the European markets. Safety rules are formulated with "Deutsche Industrie Norm" (i.e., German Industrial Standards) or ISO standards, which are internationally harmonized.

CDRH regulations generally require a self-certification procedure pursuant to which, for each product incorporating a laser device, a manufacturer must file periodic reporting of sales and purchases, and compliance with product labeling standards with the CDRH. The Company's laser products for macro, micro and laser marking applications can result in injury to human tissue if directed at an individual or otherwise misused.

The Company believes that its laser products for macro, micro and marking applications, and its components are in substantial compliance with all applicable laws for the manufacture of laser devices.

AVAILABLE INFORMATION

The Company makes available, free of charge on its internet website, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC). You can find these reports on the Company's website at *www.rofin.com* under the heading "Investor Relations". The information on the Company's website is not incorporated by reference in this Annual Report on Form 10-K.

These reports may also be obtained at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room is available by calling the SEC at (202) 942-8090. You may also access this information at the SEC's website (*http://www.sec.gov*). This site contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

THE GLOBAL ECONOMY, CAPITAL MARKETS, CREDIT DISRUPTIONS AND POLITICAL ENVIRONMENT CHANGES CAN ADVERSELY IMPACT OUR RESULTS OF OPERATIONS.

Our business, operating results or financial condition can be impacted by a number of macroeconomic factors, which could in turn affect our stock price. These macroeconomic factors include, but are not limited to, consumer confidence and spending levels, unemployment, consumer credit availability, global factory production, and credit market conditions. Additionally, changes in the political environment in the markets in which we operate can adversely impact our business, such as foreign exchange import and export controls, tariffs and other trade barriers, and price or exchange controls.

DOWNTURNS IN THE INDUSTRIES WE SERVE, PARTICULARLY IN THE MACHINE TOOL, AUTOMOTIVE, SEMICONDUCTOR, ELECTRONICS AND PHOTOVOLTAIC INDUSTRIES, MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR SALES AND PROFITABILITY.

Our business depends substantially upon capital expenditures particularly by manufacturers in the machine tool, automotive, semiconductor, electronics, and photovoltaic industries. Approximately 73% of our laser sales during fiscal year 2011 were to these industry markets. These industries are cyclical and have historically experienced periods of oversupply, resulting in significantly reduced demand for capital equipment, including the products manufactured and marketed by us. For the foreseeable future, our operations will continue to depend upon capital expenditures in these industries, which, in turn, depend upon the market demand for their products. Decreased demand from manufacturers in these industries, for example, during an econcomic downturn, may lead to decreased demand for our products. Although such decreased demand would reduce our sales, we may not be able to reduce expenses quickly, due in part to the need for continual investment in research and development and the need to maintain our extensive ongoing customer service and support capability. Although we order materials for assembly in response to firm orders, the lead time for assembly and delivery of some of our products creates a risk that we may incur expenditures or purchase inventories for products which we cannot sell.

Accordingly, any economic downturn or slowdown in the machine tool, automotive, semiconductor, electronics, and photovoltaic industries could have a material adverse effect on our financial condition and results of operations.

A HIGH PERCENTAGE OF OUR SALES ARE OVERSEAS AND OUR RESULTS ARE THEREFORE SUBJECT TO THE IMPACT OF EXCHANGE RATE FLUCTUATIONS.

Although we report our results in U.S. dollars, approximately 63% of our current sales are denominated in other currencies, including the Euro, Swedish krona, Swiss francs, British pound, Singapore dollar, Japanese yen, Korean won, Taiwanese dollar, Canadian dollar, and Chinese RMB. The fluctuation of the Euro, and the other functional currencies, against the U.S. dollar has had the effect of increasing and decreasing (as applicable) reported net sales as well as cost of goods sold, gross margin, and selling, general and administrative expenses denominated in such foreign currencies when translated into U.S. dollars as compared to prior periods. Our subsidiaries will, from time to time, pay dividends in their respective functional currencies, thus presenting another area of potential currency exposure for us in the future.

We also face transaction risk from fluctuations in exchange rates between the various currencies in which we do business. We believe that a certain portion of the transaction risk of our operations in multiple currencies is mitigated by our hedging activities, utilizing forward exchange contracts and forward exchange options. We also continue to borrow in each operating subsidiary's functional currency to reduce exposure to exchange gains and losses. However, there can be no assurance that changes in currency exchange rates will not have a material adverse effect on our business, financial condition, and results of operations.

OUR INABILITY TO MANAGE THE RISKS ASSOCIATED WITH OUR INTERNATIONAL OPERATIONS COULD ADVERSELY AFFECT OUR BUSINESS.

Our products are currently marketed in approximately 65 countries, with Germany, the rest of Europe, the United States, and the Asia/Pacific region being our principal markets. Our operations and sales in our principal markets are subject to risks inherent in international business activities, including:

- the general political and economic conditions in each such country or region;
- overlap of differing tax structures;
- management of an organization spread over various jurisdictions; and
- unexpected changes in regulatory requirements and compliance with a variety of foreign laws and regulations, such as import and export licensing requirements and trade restrictions.

Any failure to manage the risks associated with our international business operations could have a material adverse effect on our financial condition and results of operations.

Our profitability may be adversely affected by economic slowdowns in the United States, Europe, or the Asia/Pacific region. A recession in these economies could trigger a decline in laser sales to the machine tool, automotive, semiconductor, electronics, or photovoltaic industries, and any related weaknesses in their respective currencies could adversely affect customer demand for our products, the U.S. dollar value of our foreign currency denominated sales, and ultimately our consolidated results of operations.

WE DEPEND ON THE ABILITY OF OUR OEM-CUSTOMERS TO INCORPORATE OUR LASER PRODUCTS INTO THEIR SYSTEMS.

Our sales depend in part upon the ability of our OEM-customers to develop and sell systems that incorporate our laser products. Adverse economic conditions, inadequate liquidity, large inventory positions, limited marketing resources, and other factors affecting these OEM-customers could subject us to risks of business failure by such customers and potential credit and inventory risks, and thus could have a substantial impact upon our financial results. We cannot provide assurances that our OEM-customers will not experience financial or other difficulties that could adversely affect their operations and, in turn, our financial condition or results of operations.

WE EXPERIENCED IN THE PAST, AND EXPECT TO EXPERIENCE IN THE FUTURE, FLUCTUATIONS IN OUR QUARTERLY RESULTS. THESE FLUCTUATIONS MAY INCREASE THE VOLATILITY OF OUR STOCK PRICE.

We have experienced and expect to continue to experience some fluctuations in our quarterly results. We believe that fluctuations in quarterly results may cause the market prices of our common stock, on the NASDAQ Global Select Market and the Frankfurt Stock Exchange, to fluctuate, perhaps substantially. Factors which may have an influence on the Company's operating results in a particular quarter include:

- general economic uncertainties;
- fluctuations in demand for, and sales of, our products or prolonged downturns in the industries that we serve;
- the timing of the receipt of orders from major customers;
- product mix;
- competitive pricing pressures;
- the relative proportions of domestic and international sales;
- our ability to design, manufacture, and introduce new products on a cost-effective and timely basis;
- the delayed effect of incurrence of expenses to develop and improve marketing and service capabilities;
- foreign currency fluctuations;
- ability of our suppliers to produce and deliver components and parts, including sole or limited source components, in a timely manner, in the quantity desired, and at the prices we have budgeted;
- our ability to control expenses; and
- costs related to acquisitions of businesses.

These and other factors make it difficult for us to release precise predictions regarding the results and the development of our business. In addition, current conditions in the domestic and global economies are uncertain. As a result, it is difficult to estimate the level of growth for the economy as a whole or of capital expenditures in the industrial markets we serve. Because all of the components of our budgeting and forecasting are dependent on estimates of spending within these markets, the prevailing economic uncertainty renders estimates of future revenue and expenses even more difficult than usual to make. In addition, our backlog at any given time is not necessarily indicative of actual sales for any succeeding period. As our delivery schedule typically ranges from one week to six months, our sales will often reflect orders shipped in the same quarter that they are received. Moreover, customers may cancel or reschedule shipments and production difficulties could delay shipments. Accordingly, the Company's results of operations are subject to significant fluctuations from quarter to quarter. See also "Business - Order Backlog".

Other factors that we believe may cause the market price of our common stock to fluctuate, perhaps substantially, include announcements of new products, technologies or customers by us or our competitors, developments with respect to intellectual property and shortfalls in our operations relative to analysts' expectations. In addition, in recent years, the stock market in general, and the shares of technology companies in particular, have experienced wide price fluctuations. These broad market and industry fluctuations, particularly in the semiconductor, electronics, photovoltaics, machine tool, and automotive industries, may adversely affect the market prices of our common stock on the NASDAQ Global Select Market and the Frankfurt Stock Exchange.

THE MARKETS FOR OUR PRODUCTS ARE HIGHLY COMPETITIVE AND INCREASED COMPETITION COULD INCREASE OUR COSTS, REDUCE OUR SALES OR CAUSE US TO LOSE MARKET SHARE.

The laser industry is characterized by significant price and technical competition. Our current and proposed laser products for macro, marking and micro applications, and components, compete with those of several well-established companies, some of which are larger and have substantially greater financial, managerial and technical resources, more extensive distribution and service networks, and larger installed customer bases than us.

We believe that competition will be particularly intense in the CO_2, diode laser, and solid-state laser markets, including fiber lasers, as many companies have committed significant research and development resources to pursue opportunities in these markets. There can be no assurance that we will successfully differentiate our current and proposed products from the products of our competitors or that the marketplace will consider our products to be superior to competing products. Because many of the components required to develop and produce a laser-based marking system are commercially available, barriers to entry into this market are relatively low, and we expect new competitive product entries in this market. To maintain our competitive position in these markets, we believe that we will be required to continue a high level of investment in engineering, research and development, marketing, and customer service and support. There can be no assurance that we will have sufficient resources to continue to make these investments, that we will be able to make the technological advances necessary to maintain our competitive position, or that our products will receive market acceptance. See also "Business - Competition".

OUR FUTURE GROWTH AND COMPETITIVENESS DEPEND UPON OUR ABILITY TO DEVELOP NEW AND ENHANCED PRODUCTS TO MEET MARKET DEMAND AND TO INCREASE OUR MARKET SHARE FOR LASER MACRO AND MARKING AND MICRO PRODUCTS.

If we are to increase our laser sales in the near term, these sales will have to come through increases in market share for our existing products, through the development of new products, or through the acquisition of competitors or their products. To date, a substantial portion of our revenues has been derived from sales of high-powered CO_2 laser sources, solid-state laser sources, and diode lasers. In order to increase market demand for these products, we will need to devote substantial resources to:

- continuing to broaden our CO_2, solid-sate laser, including fiber laser, and diode laser product range;
- continuing to increase the output power and vary the laser wavelength of our product portfolio; and
- continuing to reduce the manufacturing costs of our product range to achieve more attractive pricing.

A large part of our growth strategy depends upon being able to increase our worldwide market share for laser macro, marking and micro products.

Our future success depends on our ability to anticipate our customers' needs and develop products that address those needs. Our ability to control costs is limited by our need to invest in research and development. If we are unable to implement our strategy to develop new and enhanced products, our business, operating results, and financial condition could be adversely affected. We cannot provide assurance that we will successfully implement our business strategy or that any of the newly developed or enhanced products will achieve market acceptance or not be rendered obsolete or uncompetitive by products of other companies. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business - The Company's Laser Products".

IF WE LOSE OUR KEY MANAGEMENT PERSONNEL, WE MAY NOT BE ABLE TO SUCCESSFULLY MANAGE OUR BUSINESS OR ACHIEVE OUR OBJECTIVES.

Our future success depends in large part upon the leadership and performance of our executive management team and key employees at the operating level. These key employees include technical, sales and support personnel for our operations on a worldwide basis. If we lose the services of one or more of our executive officers or key employees, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, we may not be able to successfully manage our business or achieve our business objectives. If we lose the services of any of our key employees at the operating or regional level, we may not be able to replace them with similarly qualified personnel, which could harm our business.

WE MAY NOT BE ABLE TO SUCCESSFULLY ACQUIRE NEW OPERATIONS OR INTEGRATE FUTURE ACQUISITIONS, WHICH COULD CAUSE OUR BUSINESS TO SUFFER.

An important part of our growth strategy is making strategic acquisitions of companies with complementary operations, technologies, or products. We regularly review potential acquisitions and periodically engage in discussions regarding such possible acquisitions. We may be unable to successfully complete potential strategic acquisitions if we cannot reach agreement on acceptable terms or for other reasons. Future acquisitions may require us to obtain additional debt or equity financing, which may not be available on terms acceptable to us, if at all. In connection with future acquisitions, we may assume the liabilities of the companies we acquire. Any debt that we incur to pay for future acquisition could contain covenants that restrict the manner in which we operate our business. Any new equity securities that we issue for this purpose would be dilutive to our existing stockholders. If we buy a company or a division of a company, we may experience difficulty integrating that company or division's personnel and operations, which could negatively affect our operating results.

In addition:

- the key personnel of the acquired company may decide not to work for us;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, and financial reporting;
- we may be held liable for risks and liabilities (including for environmental-related costs) as a result of our acquisitions, some of which we may not discover during our due diligence;
- our ongoing business may be disrupted or receive insufficient management attention; and
- we may not be able to realize the synergies, cost savings, or other financial benefits we anticipated.

WE DEPEND ON LIMITED SOURCE SUPPLIERS THAT COULD CAUSE SUBSTANTIAL MANUFACTURING DELAYS AND INCREASE OUR COSTS IF A DISRUPTION IN SUPPLY OCCURS.

We estimate that 16% of our revenues are derived from sales of products that require specialized components only available from single sources. We also rely on a limited number of independent contractors to manufacture subassemblies for some of our products. There can be no assurance that, in the future, our current or alternative sources will be able to meet all of our demands on a timely basis. If one or more of our suppliers or subcontractors experiences difficulties that result in a reduction or interruption in supply to us, or if they fail to meet any of our manufacturing requirements, our business could be harmed until we are able to secure alternative sources, if any. If we are unable to find necessary parts or components on commercially reasonable terms, we could be required to reengineer our products to accommodate available substitutions which would increase our costs and/or have a material adverse effect on manufacturing schedules, product performance, and market acceptance.

The manufacturing of our solid-state lasers require elements of rare earth in small quantities. There can be no assurance that shortages of rare earth deliveries and therewith an increase of the market price might have an adverse effect on our production costs.

OUR FAILURE TO PROTECT OUR PROPRIETARY TECHNOLOGY OR TO AVOID LITIGATION FOR INFRINGEMENT OR MISAPPROPRIATION OF PROPRIETARY RIGHTS OF THIRD PARTIES COULD RESULT IN A LOSS OF REVENUES AND PROFITS.

Our future success depends in part upon our intellectual property rights, including trade secrets, know-how, and continuing technological innovation. There can be no assurance that the steps taken by us to protect our intellectual property rights will be adequate to prevent misappropriation or that others will not develop competitive technologies or products.

We currently hold 210 United States and foreign patents on our laser sources, with expiration dates ranging from 2013 to 2030. We have also obtained licenses under certain patents covering lasers and related technology incorporated into our products. In addition, 101 patent applications have been filed and are under review by the relevant patent authorities. There can be no assurance that other companies are not investigating or developing other technologies that are similar to ours, that any patents will issue from any application filed by us or that, if patents do issue, the claims allowed will be sufficiently broad to deter or prohibit others from marketing similar products. In addition, there can be no assurance that any patents issued to us will not be challenged, invalidated or circumvented, or that the rights thereunder will provide a competitive advantage to us. See also “Business - Intellectual Property”.

From time to time, we receive notices from third parties alleging infringement of such parties’ patent or other proprietary rights by our products. While these notices are common in the laser industry and we have in the past been able to develop non-infringing technology or license necessary patents or technology on commercially reasonable terms, there can be no assurance that we would in the future prevail in any litigation seeking damages or expenses from us or to enjoin us from selling products on the basis of such alleged infringement, or that we would be able to develop any non-infringing technology or license any valid and infringed patents on commercially reasonable terms. In the event any third party made a valid claim against us or our customers and a license was not made available to us on commercially reasonable terms, we would be adversely affected.

CHANGES IN TAX RATES, TAX LIABILITIES OR TAX ACCOUNTING RULES COULD AFFECT FUTURE RESULTS.

As a global company, we are subject to taxation in the United States and various other countries and jurisdictions. Significant judgment is required to determine our worldwide tax liabilities. Our future tax rates could be affected by changes in the composition of earnings in countries with differing tax rates, changes in the valuation of our deferred tax assets and liabilities, or changes in the tax laws. In addition, we are subject to regular examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Although we believe our tax estimates are reasonable, there can be no assurance that any final determination will not be materially different than the treatment reflected in our historical income tax provisions and accruals, which could materially and adversely affect our operating results and financial condition.

ANY DEFECTS IN OUR PRODUCTS OR CUSTOMER PROBLEMS ARISING FROM THE USE OF OUR PRODUCTS MAY SERIOUSLY HARM OUR BUSINESS AND REPUTATION.

Our laser products are technologically complex and may contain both known and undetected errors or performance problems. In addition, performance problems can also be caused by the improper installation of our products by a customer. These errors or performance problems could result in customer dissatisfaction, which could harm our sales or customer relationships. In addition, these problems may cause us to incur significant warranty and repair costs and divert the attention of our engineering personnel from our product development efforts.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's manufacturing facilities include the following:

Location of Facility	Owned or Leased	Size** (sq. ft.)	Lease Expiration	Primary Activity
Hamburg, Germany	Owned*	185,311		CO_2 lasers, solid-state lasers, diode lasers, fiber lasers
Starnberg, Germany	Leased	127,520	2013 through 2016	Laser marking and micro products, power supplies
Gunding-Munich, Germany	Leased	81,192	2017	Solid-state lasers, laser marking products
Plymouth, Michigan	Leased	52,128	2017	CO_2 lasers, laser micro and marking systems
Kingston upon Hull, United Kingdom	Leased	48,485	2017	Low-power CO_2 lasers
Orlando, Florida	Owned	35,207		Solid-state lasers
Landing, New Jersey	Owned	34,292		CO_2 lasers
Mainz, Germany	Leased	61,214	2024	Diode lasers and components
Devens, Massachusetts	Leased	16,955	2017	Laser marking systems
Gothenburg, Sweden	Leased	21,337	2012 and 2014	Fiber optic production
Overath, Germany	Leased	22,948	2013	Coating of materials
Oxford, United Kingdom	Leased	11,578	2019	Laser marking systems
Tampere, Finland	Leased	10,064	None	Fiber lasers, optical engines
Tampere, Finland	Owned	44,100		Fiber lasers, optical engines
Pamplona, Spain	Owned	12,654		Laser marking systems
Singapore	Leased	7,812	2012	Laser marking products
Freiburg, Germany	Leased	12,164	2012	Laser diodes
Tucson, Arizona	Leased	6,218	2013	Components
East Granby, Connecticut	Leased	68,135	2027	Fibers, fiber lasers
Nanjing, China	Leased	30,785	2011	CO_2 lasers, laser marking products, diode components
Nanjing, China	Owned	6,757		CO_2 lasers
Thun, Switzerland	Leased	34,746	2015	Solid-state lasers for micro material processing

* The facility is owned by Rofin-Sinar Laser GmbH ("RSL"); the real property on which the facility is located is leased by RSL under a 99-year lease.

** Includes sales, administration and research and development facilities where applicable.

The Thun (Switzerland) facility lease has a renewal option for five years. One of the Starnberg (Germany) main facilities is leased until 2013 from a member of the Company's Board of Directors and includes a clause to terminate the lease contract within a two-year notice period during the contract, while the other main facilities are leased until 2014 and 2016. The Gothenburg (Sweden) main facility leases have a renewal option for three years. The Tampere (Finland) facility lease can be terminated upon six-month notice from the landlord and the lessee. The main rental agreement of the Nanjing (China) facility expires by November 30, 2011 and will be extended until the construction of new manufacturing facilities are completed.

The Company maintains sales, administration, and research and development facilities at each of the Hamburg, Starnberg, Gunding-Munich, Mainz, Freiburg, Kingston upon Hull, Gothenburg, Tampere, East Granby, Plymouth, Landing, Orlando, Thun, and Nanjing locations. The Company also maintains sales and service offices worldwide, all of which are leased, with the exception of the Pamplona (Spain) and Seoul (South Korea) properties which are owned.

The Company believes that its existing facilities are adequate to meet its currently projected needs for the next 12 months and that suitable additional or alternative space would be available, if necessary, in the future on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS

The Company has been and is likely to be involved from time to time in litigation involving its intellectual property and ordinary routine litigation arising in the ordinary course of business.

A licensor of patents covering the technology used in certain of the Company's CO_2 lasers has asserted that the Company has calculated royalties due in respect of certain sales of such CO_2 lasers in a manner that is not consistent with the applicable license agreement. In addition, the licensor claims that it has not been provided with copies of invoices and other documentation relating to such sales, to which it asserts it is entitled under the license agreement. The Company disputes these and related allegations and believes that it is in compliance with all of its obligations under the license agreement. Following discussions with the licensor in order to resolve these disagreements, the parties have reached an agreement in principle that an independent auditor should be appointed to review the calculations made by the Company in connection with the royalties it has paid in the past. To date the audit has not commenced. In February 2008, the Company contacted the licensor in writing in order to proceed with the appointment of an independent auditor and agree on parameters to apply to the conduct of the audit and a response from the licensor was received in January 2009. Through additional correspondence exchanged in March 2009, the Company and the licensor are in the process of selecting a mutually agreeable independent auditor. Management believes that it will achieve a resolution of this matter that will not have a material adverse impact on the Company's financial condition or results of operations or cash flows. The patents, and therefore the license rights, have already expired and there are no further license fees to be calculated and paid.

ITEM 4. REMOVED AND RESERVED

PART II

ITEM 5. MARKET PRICE FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is traded on the NASDAQ Global Select Market and also on the Prime Standard Segment of the Frankfurt Stock Exchange, under the symbol RSTI and international securities identification number (ISIN) US7750431022, respectively. The table below sets forth the high and low closing sales prices of the Company's common stock for each quarter ended during the last two fiscal years as reported by NASDAQ:

	Common Stock Trade Prices	
Quarter ended	High	Low
December 31, 2009	$ 24.60	$ 21.01
March 31, 2010	$ 24.96	$ 19.59
June 30, 2010	$ 27.05	$ 20.82
September 30, 2010	$ 25.39	$ 19.96
December 31, 2010	$ 35.92	$ 25.32
March 31, 2011	$ 40.76	$ 35.19
June 30, 2011	$ 43.40	$ 31.58
September 30, 2011	$ 34.56	$ 19.12

At November 28 2011, the Company had 8 holders of record of its common stock and 28,502,759 shares outstanding. A significantly greater number of holders of the Company's common stock are "street name" or beneficial holders, whose shares are held of record by bankers, brokers, and other financial institutions. The Company has not paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future.

During the fiscal year 2011, the Company did not sell any equity securities that were not registered under the Securities Act.

There were no purchases of common stock of the Company made by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act during the fourth fiscal quarter of the fiscal year 2011.

On May 5, 2010, the Board of Directors authorized the Company to initiate a share buyback of up to $30.0 million of the Company's common stock over twelve months, subject to market conditions, through purchases from time to time in open market transactions or privately negotiated transactions at the Company's discretion, including as to the quantity, timing and price thereof. The Company purchased approximately 1.1 million shares of common stock, at an average price of $25.96, under the stock buyback program for a total price of $28.2 million.

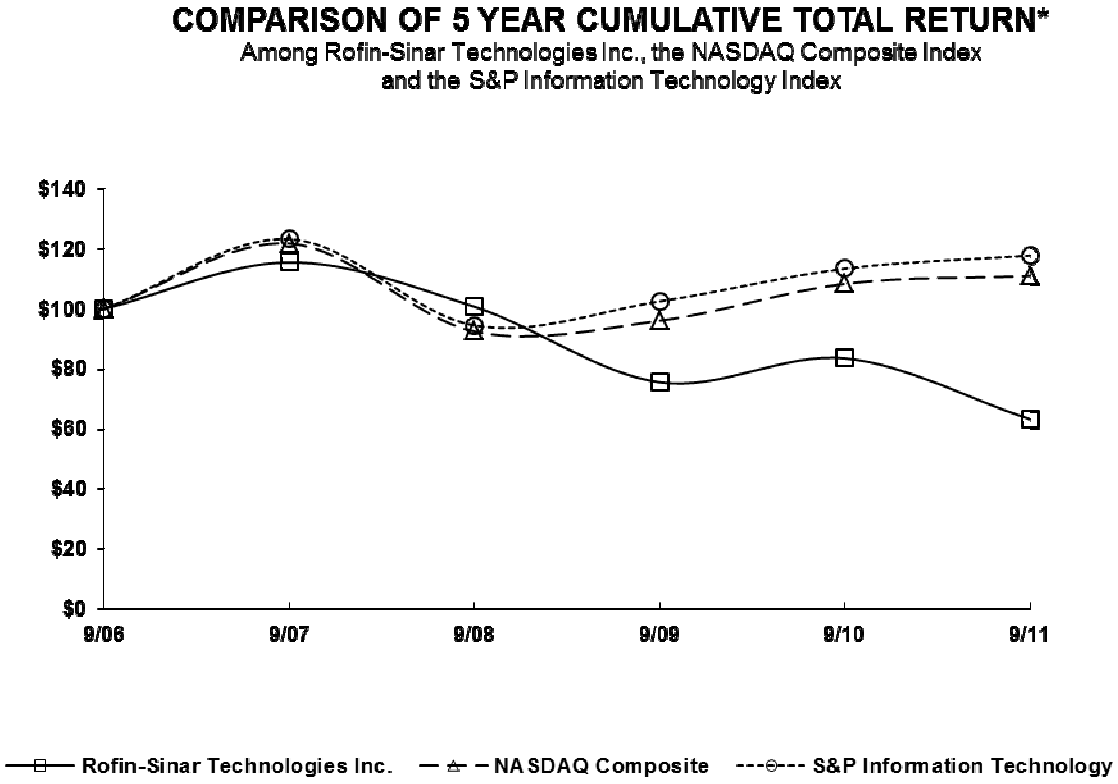
STOCK PRICE PERFORMANCE GRAPH

The following Stock Price Performance Graph includes comparisons required by the SEC. The Graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference therein.

The following graph presents the one-year total return for Rofin-Sinar Technologies Inc. common stock compared with the NASDAQ Stock Market Index and the S&P Technology Sector Index. Rofin-Sinar selected these comparative groups due to industry similarities and the fact that they contain several direct competitors.

The graph assumes that the value of the investment in Rofin-Sinar Technologies Inc. common stock, the NASDAQ Stock Market Index, and the S&P Technology Sector Index each was $100 on September 30, 2006,

and that all dividends were reinvested. The S&P Technology Sector Index is weighted by market capitalization. The stock price performance shown in this graph is not necessarily indicative of, and not intended to suggest future stock price performance.



*$100 invested on 9/30/06 in stock or index, including reinvestment of dividends.
Fiscal year ending September 30.

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

	Rofin-Sinar Technologies Inc.	NASDAQ Stock Market Index	S&P Technology Sector Index
9/30/06	100	100	100
9/30/07	115.53	121.84	123.33
9/30/08	100.74	92.48	94.50
9/30/09	75.56	96.08	102.53
9/30/10	83.53	108.39	113.45
9/30/11	63.19	110.99	117.80

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data for the five fiscal years ended September 30, 2011. The information set forth below should be read in conjunction with the consolidated financial statements and notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this Annual Report on Form 10-K.

	Year ended September 30,				
	2011	2010	2009	2008	2007
	(in thousands, except per share amounts)				
STATEMENT OF OPERATIONS DATA:					
Net sales	$597,763	$423,570	$349,579	$575,278	$479,675
Cost of goods sold	365,684	257,316	217,532	326,861	276,320
Gross profit	232,079	166,254	132,047	248,417	203,355
Selling, general & administrative expenses	107,510	89,908	88,906	105,077	84,675
Research & development expenses	38,337	30,137	31,500	41,113	27,830
Amortization expense	2,569	2,250	3,559	6,769	4,251
Income from operations	83,663	43,959	8,082	95,458	86,599
Net interest expense (income)	(135)	375	309	(2,960)	(5,028)
Income before income taxes	87,143	45,901	14,700	97,799	88,241
Income tax expense	26,070	15,442	5,197	33,466	31,838
Net income attributable to RSTI	60,032	29,840	9,163	63,759	55,277
Earnings per common share attributable to RSTI– Basic	$ 2.11	$ 1.04	$ 0.32	$ 2.15	$ 1.78
Earnings per common share attributable to RSTI– Diluted	$ 2.06	$ 1.02	$ 0.31	$ 2.09	$ 1.74
Shares used in computing earnings per share – Basic	28,440	28,807	28,912	29,640	30,975
Shares used in computing earnings per share – Diluted	29,105	29,212	29,194	30,446	31,806
OPERATING DATA (as percentage of sales):					
Gross profit	38.8%	39.3%	37.8%	43.2%	42.4%
Selling, general & administrative expenses	18.0%	21.2%	25.4%	18.3%	17.7%
Research & development expenses	6.4%	7.1%	9.0%	7.1%	5.8%
Income from operations	14.0%	10.4%	2.3%	16.6%	18.1%
Income before income taxes	14.6%	10.8%	4.2%	17.0%	18.4%
BALANCE SHEET DATA:					
Working capital	$ 333,328	$ 287,793	$ 274,279	$ 257,954	$ 344,907
Total assets	653,946	558,192	539,507	583,660	626,224
Line of credit and loans	22,863	20,661	31,409	66,674	40,592
Long-term debt	14,742	15,488	12,426	11,968	12,639
Stockholders' equity	478,617	417,476	421,694	404,545	452,717

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Rofin-Sinar Technologies Inc. is a leader in the design, development, engineering, manufacture, and marketing of laser-based products, primarily used for cutting, welding, and marking a wide range of materials.

Lasers are a non-contact technology for material processing, which have several advantages compared to conventional manufacturing tools that are desirable in industrial applications. The Company's lasers all deliver a high-quality beam at guaranteed power outputs and feature compact design, high processing speed, flexibility, low operating and maintenance costs, and easy integration into the customer's production process. As a technological leader in CO_2, solid-state lasers (including fiber lasers), and diode lasers**,** the Company is able to meet a broad range of its customers' material processing requirements.

According to the Industrial Laser Solutions magazine's 2011 forecast for industry data, worldwide laser revenues for industrial applications (excluding lithography, inspection, measurement, research, medical, etc.) will reach approximately $1.7 billion for the year. Based on this data, the Company estimates that it has currently a market share in the relevant industrial laser sector of over 20% (based on laser-related sales volume). The Company has sold more than 57,000 laser sources since 1975 and currently has over 4,000 active customers (including multinational companies with multiple facilities purchasing from the Company). During fiscal 2011, 2010, and 2009, approximately 40%, 41%, and 40%, respectively, of the Company's revenues related to sales of laser products for macro applications, approximately 50%, 49%, and 48%, respectively, related to sales of laser products for marking and micro applications, and approximately 10%, 10%, and 12%, respectively, related to sales of components.

Through its global manufacturing, distribution and service network, the Company provides a comprehensive range of laser sources and laser-based system solutions to the following principal target markets: the machine tool, automotive, semiconductor, electronics, and photovoltaic industries. The Company sells directly to end-users and to original equipment manufacturers ("OEMs") (principally in the machine tool industry) that integrate Rofin's laser sources with other system components. Many of Rofin's customers are among the largest global participants in their respective industries. During fiscal 2011, 2010, and 2009, 18%, 19%, and 20%, respectively, of the Company's sales were in North America, 45%, 46%, and 57%, respectively, were in Europe, and 37%, 35%, and 23%, respectively, were in Asia.

In fiscal year 2011, the Company achieved record level of revenues and the second best net income in its history.The results were comparable to the pre-economic crisis levels of fiscal year 2008. Sales improved in all of the Company's key regions, primarily driven by the machine tool, automotive, electronics and medical device industries reflecting the overall improvement of the macro economic climate during fiscal year 2011. Net income was excellent given the continuing investments in fiber lasers.

Outlook

As a consequence of the general challenging market conditions and the more cautious sentiment of our industrial customers as well as a weaker Asian order intake in our most recent quarter, we expect a slowdown in our business for the first six months of fiscal year 2012. Nevertheless, management is confident that the Company's order backlog and its expanding product portfolio, especially in fiber lasers, provide a solid platform for a successful fiscal year 2012.

Acquisitions and Formation of New Entities

During fiscal year 2009, the Company settled an earn-out agreement with the former Nufern owners for an aggregate of $5.0 million and finalized its valuation of the identified intangible assets related to this acquisition. As a result, a total adjustment amounting to a net decrease of $3.7 million was made to the amount of goodwill recorded. This purchase resulted in final goodwill of $2.9 million.

Effective March 11, 2009, the Company made the final payment for the outstanding earn-out, and acquired the remaining 10% of share capital of Optoskand AB through its wholly-owned subsidiary Rofin-Sinar Laser GmbH under an option agreement. This purchase resulted in additional goodwill of $0.7 million.

Effective April 9, 2009, the Company acquired 80% of the equity of China-based Nanjing Eastern Laser Company, Ltd. ("NELC") through two separate cash transactions. NELC's product lines are largely comprised of high power, fast-axial flow CO_2 lasers, with a power range up to 3 kW as well as NC-based laser processing equipment. This purchase resulted in goodwill of $4.3 million.

Effective April 12, 2010, the Company, through its wholly-owned subsidiary Nufern, purchased the Electro Optics fiber optic gyroscope coil winding business of Optelecom-NKF, Inc. This purchase resulted in additional goodwill of $0.3 million.

Effective October 15, 2010, the Company acquired 100% of the common stock of LASAG AG, Thun (Switzerland) ("LASAG"), through its wholly-owned subsidiary RSTE. Additionally, the Company acquired the LASAG selling and service operations in Germany, Italy, Japan and the United States. LASAG is one of the original laser companies with more than 30 years of experience in the development and manufacturing of industrial solid-state lasers. LASAG markets and sells its laser products for fine cutting, spot welding, drilling, and scribing applications to the medical device, automotive, electronic, and aerospace industries. In addition, LASAG has special expertise in high-precision drilling and laser processing heads. This purchase resulted in goodwill of approximately $1.6 million and other intangibles, net of $2.3 million.

Effective August 24, 2011, the Company formed ROFIN BAASEL Laser India Pvt. Ltd. in Mumbai (India) as a wholly-owned subsidiary through its wholly-owned subsidiaries Rofin-Sinar Laser GmbH (99%) and Rofin-Baasel Lasertech GmbH & Co KG (1%). It started its operations in October 2011 and takes responsibility for sales and service of ROFIN laser products in India.

Effective September 29, 2011, the Company received the remaining 15% of the share capital of H2B Photonics GmbH through a transfer of shares and now holds 100% of the share capital.

RESULTS OF OPERATIONS

For the periods indicated, the following table sets forth the percentage of net sales represented by the respective line items in the Company's consolidated statements of operations:

	Fiscal Year ended September 30,		
	2011	2010	2009
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	61.2%	60.7%	62.2%
Gross profit	38.8%	39.3%	37.8%
Selling, general and administrative expenses	18.0%	21.2%	25.4%
Research & development expenses	6.4%	7.1%	9.0%
Intangibles amortization	0.4%	0.5%	1.0%
Income from operations	14.0%	10.4%	2.3%
Income before income taxes	14.6%	10.8%	4.2%
Net income attributable to RSTI	10.0%	7.0%	2.6%

Fiscal Year 2011 Compared to Fiscal Year 2010

Net Sales – Record net sales of $597.8 million represents an increase of $174.2 million, or 41%, compared to fiscal year 2010. Net sales increased $143.4 million, or 42%, in Europe/Asia and $30.8 million, or 39%, in North America, compared to fiscal year 2010. Net sales of laser products for macro applications increased by 37% to $237.5 million compared to fiscal year 2010, primarily due to the higher demand for lower and higher power CO_2 lasers from OEM-customers in the machine tool and automotive industries. Net sales of lasers for marking and micro applications increased by 46% to $302.3 million compared to fiscal year 2010, primarily due to higher demand from the electronics and medical device industries. Revenues for the component business increased by 31% to $58.0 million compared to fiscal year 2010, primarily due to higher sales related to fibers and fiber optics. The U.S. dollar fluctuated against foreign currencies, which had a favorable effect on net sales of $14.7 million.

Gross Profit – The Company's gross profit of $232.1 million increased by $65.8 million, or 40%, compared to fiscal year 2010. As a percentage of sales, gross profit remained at 39%. The unchanged percentage margin in fiscal year 2011 was primarily the result of the existing product mix. Gross profit was favorably affected by $5.3 million in fiscal year 2011 due to the fluctuation of the U.S. dollar against foreign currencies.

Selling, General and Administrative Expenses – Selling, general and administrative expenses increased by $17.6 million, or 20%, to $107.5 million, compared to fiscal year 2010, primarily as a result of our increased selling and marketing activities, higher commissions related to a higher business level and additional expenses from our newly acquired Swiss subsidiary (LASAG). As a percentage of net sales, selling, general and administrative expenses decreased to 18%. Selling, general and administrative expenses were unfavorably affected by $2.6 million due to the fluctuation of the U.S. dollar against foreign currencies in fiscal year 2011.

Research and Development – The Company's net expenses for research and development amounted to $38.3 million, which represents an increase of $8.2 million, or 27%, primarily due to significant R&D activities related to the extension of the fiber laser product portfolio, lower R&D grants compared to fiscal year 2010, and additional expenses from the newly acquired Swiss subsidiary. Gross research and development expenses for fiscal years 2011 and 2010, were $40.6 million and $32.7million, respectively, and were reduced by government grants of $2.3 million and $2.6 million during the respective periods. The Company will continue to apply for, and expects to continue receiving, government grants for research and development, especially in Europe. Research and development expenses were unfavorably affected by $1.0 million due to the fluctuation of the U.S. dollar against foreign currencies in fiscal year 2011.

Other Income – Net other income of $3.5 million fiscal year 2011 represents an increase of $1.5 million compared to fiscal year 2010. The increase in net other income is primarily attributable to higher net exchange gains of $1.9 million compared to $1.5 million in fiscal year 2010, net interest income of $0.1 million compared to net interest expense of $0.4 million in fiscal year 2010 and $ 0.6 million in higher net miscellaneous income, mainly related to cancellation fees.

Income Tax Expense – Income tax expense of $26.1 million in fiscal year 2011 and $15.4 million in fiscal year 2010, represent effective tax rates of 29.9% and 33.6% for the respective periods. The lower effective income tax rate in fiscal year 2011 is mainly due to improved pre-tax income in locations with lower effective income tax rates and the realization of certain tax net operating losses from the newly acquired Swiss subsidiary. Income tax expense, a significant portion of which is incurred in foreign currencies, was unfavorably affected by $0.7 million due to the weakening of the U.S. dollar against foreign currencies.

Net Income Attributable to RSTI – As a result of the foregoing factors, the Company's net income attributable to RSTI of $60.0 million ($2.06 per diluted share, based on 29.1 million weighted average diluted common shares outstanding) in fiscal year 2011 increased by $30.2 million compared to fiscal year 2010's net income attributable to RSTI of $29.8 million ($1.02 per diluted share, based on 29.2 million weighted average diluted common shares outstanding). Net income attributable to RSTI was favorably affected by $1.0 million in fiscal 2011 due to the fluctuation of the U.S. dollar against foreign currencies.

Fiscal Year 2010 Compared to Fiscal Year 2009

Net Sales – Net sales of $423.6 million represents an increase of $74.0 million, or 21%, over the prior year. Net sales increased $65.3 million, or 23%, in Europe/Asia and $8.7 million, or 12%, in North America, compared to the prior year. The U.S. dollar fluctuated against foreign currencies, which had a favorable effect on net sales of $1.4 million. Net sales of laser products for macro applications increased by 23% to $172.9 million, primarily due to the higher demand for our lower and higher power CO_2 lasers from OEM-customers in the machine tool industry. Net sales of lasers for marking and micro applications increased by 23% to $206.5 million compared to fiscal year 2009, mainly due to the higher demand for our lasers for micro and marking applications principally from the semiconductor and electronics industries. Revenues for the component business increased by 8% to $44.2 million, primarily due to higher sales related to fiber optics.

Gross Profit – The Company's gross profit of $166.3 million increased by $34.2 million, or 26%, over the prior year. As a percentage of sales, gross profit increased to 39%. The increased percentage margin in fiscal year 2010 was primarily a result of better fixed cost absorption, a favorable product mix, and an increase in our service and spare parts business. Gross profit was favorably affected by $1.2 million in fiscal year 2010 due to the fluctuation of the U.S. dollar against foreign currencies.

Selling, General and Administrative Expenses – Selling, general and administrative expenses increased by $1.0 million, or 1%, to $89.9 million, compared to fiscal year 2009 primarily as a result of our increased selling and marketing activities, mainly in Asia and higher commissions related to our higher revenues. Fiscal year 2009 included one-time costs related to headcount reductions of $1.8 million. As a percentage of net sales, selling, general and administrative expenses decreased to 21%. Selling, general and administrative expenses were unfavorably affected by $0.4 million due to the fluctuation of the U.S. dollar against foreign currencies in fiscal year 2010.

Research and Development – The Company's net expenses for research and development amounted to $30.1 million, which represents a decrease of $1.4 million, or 4%, primarily due to higher R&D grants compared to fiscal year 2009 where, additionally, one-time costs for headcount reduction of $0.5 million were included. Gross research and development expenses for fiscal years 2010 and 2009 were $32.7 million and $33.5million, respectively, and were reduced by $2.6 million and $2.0 million of government grants during the respective periods. The Company will continue to apply for, and expects to continue receiving, government grants towards research and development, especially in Europe. Research and development expenses were not materially affected by the fluctuation of the U.S. dollar against foreign currencies in fiscal year 2010.

Other Income – Net other income of $1.9 million fiscal year 2010 represents a decrease of $4.7 million compared to the prior year. Mainly as a result of additional short-term borrowings to finance our share buyback program, net interest expense increased to $0.4 million in fiscal year 2010, compared to $0.3 million in fiscal year 2009. The interest expense is offset by $1.5 million of foreign currency gains in fiscal 2010 compared to $4.2 million in fiscal 2009 and lower other miscellaneous income of $ 0.8 million compared to $2.7 million in fical 2009 which included $2.0 million compensation for the cancellation of orders received in fiscal year 2008.

Income Tax Expense – Income tax expense of $15.4 million in fiscal year 2010 and $5.2 million in fiscal year 2009, represent effective tax rates of 33.6% and 35.4% for the respective periods. The lower effective income tax rate in fiscal year 2010 is mainly due to an improved business in locations with lower marginal income tax rates which contributed to a normalized effective tax rate during fiscal year 2010. Income tax expense, a significant portion of which is incurred in foreign currencies, was not materially affected by the weakening of the U.S. dollar against foreign currencies.

Net Income Attributable to RSTI – As a result of the foregoing factors, the Company's net income attributable to RSTI of $29.8 million ($1.02 per diluted share, based on 29.2 million weighted average common shares outstanding) in fiscal year 2010 increased by $20.6 million over the prior year's net income attributable to RSTI of $9.2 million ($0.31 per diluted share, based on 29.2 million weighted average common shares outstanding). Net income attributable to RSTI was favorably affected by $0.8 million in fiscal 2010 due to the fluctuation of the U.S. dollar against foreign currencies.

LIQUIDITY AND CAPITAL RESOURCES

Fiscal Year 2011

The Company's primary sources of liquidity at September 30, 2011, were cash and cash equivalents of $127.4 million, short-term investments of $3.0 million, short-term credit lines of $72.7 million, and long-term credit lines of $16.4 million. As of September 30, 2011, $6.5 million was outstanding under the short-term lines of credit and $10.3 million was used for bank guarantees under these lines of credit, leaving $55.9 million available for borrowing under short-term lines of credit. In addition, the Company maintained credit lines specific to bank guarantees for $6.3 million, of which $0.3 million was used. Therefore, $61.9 million was unused and available under our short-term and bank guarantee lines of credit, in aggregate, at September 30, 2011. At September 30, 2011, the entire amount of our long-term lines of credit was fully drawn. The Company is subject to financial covenants under some of these facilities and lines of credit, which could restrict the Company from drawing money under them. At September 30, 2011, the Company was in compliance with these covenants.

Cash and cash equivalents increased by $16.8 million during fiscal year 2011. Approximately $50.0 million in cash and cash equivalents were provided by operating activities, primarily as the result of the increased net income and other non-cash items, principally depreciation and amortization and the increase in accrued liabilities and pension obligations, and income tax payable. Operating cash flow was negatively affected by the increase in accounts receivable and inventories, mainly as a result of the fast business growth experienced during fiscal year 2011.

Net cash used in investing activities totaled $28.5 million for fiscal year 2011, and was primarily related to various additions to property and equipment ($21.8 million), business acquisitions ($11.2 million) and purchase of short-term investments ($8.6 million), partially offset by proceeds from the sale of short-term investments ($12.6 million).

Net cash used in financing activities totaled $4.7 million and was primarily related to the stock buyback program ($8.8 million) and loan repayments of $9.5 million, partly offset by $6.3 million in borrowings from banks and $7.2 million generated through issuance of new shares from the exercise of stock options.

The Company expects that its capital expenditures will be approximately $28.5 million in fiscal year 2012.

Management believes that cash flows from operations, along with existing cash and cash equivalents and availability under the credit facilities and lines of credit, will provide adequate resources to meet the Company's capital requirements and operational needs on both a current and a long-term basis.

Fiscal Year 2010

The Company's primary sources of liquidity at September 30, 2010, were cash and cash equivalents of $110.6 million, short-term investments of $5.7 million, short-term credit lines of $76.7 million and long-term credit lines of $16.6 million. As of September 30, 2010, $4.1 million was outstanding under the short-term lines of credit and $3.3 million was used for bank guarantees under these lines of credit. $16.6 million was outstanding from the long-term credit lines. Additionally, the Company maintained credit lines specific to bank guarantees for $13.2 million, of which $2.2 million was used. Therefore, $11.0 million was unused and available under these lines of credit. The Company is subject to financial covenants under some of these facilities and lines of credit, which could restrict the Company from drawing money under them. At September 30, 2010, the Company was in compliance with these covenants.

Cash and cash equivalents decreased by $5.5 million during fiscal year 2010. Approximately $36.8 million in cash and cash equivalents were provided by operating activities, primarily as the result of the increased net income and other non-cash items, principally depreciation and amortization and the increase in accrued liabilities and pension obligations, accounts payable and income tax payable. Operating cash flow was negatively affected by the increase in accounts receivable and inventories, mainly as a result of the fast business growth experienced during the second half of fiscal year 2010.

Net cash used in investing activities totaled $8.3 million for fiscal year 2010, and was primarily related to various additions to property and equipment ($8.6 million), business acquisitions ($1.4 million) and purchase of short-term investments ($10.9 million), partially offset by proceeds from the sale of short-term investments ($12.4 million).

Net cash used in financing activities totaled $26.5 million and was primarily related to the stock buyback program ($19.5 million) and loan repayments of $39.9 million, partly offset by $30.2 million in borrowings from banks and $3.0 million generated through issuance of new shares from the exercise of stock options.

Fiscal Year 2009

The Company's primary sources of liquidity at September 30, 2009, were cash and cash equivalents of $116.1 million, short-term investments of $2.9 million, short-term credit lines of $91.0 million and long-term loans of $12.4 million. As of September 30, 2009, $19.0 million was outstanding under the short-term lines of credit. Additionally, $4.2 million was used for bank guarantees under these lines of credit. $12.4 million was outstanding from the long-term loan. Additionally the Company maintained credit lines specific to bank guarantees for $2.9 million, of which $0.3 million was used. Therefore, $70.4 million was unused and available under Rofin's lines of credit. The Company is subject to financial covenants under some of these facilities and lines of credit, which could restrict the Company from drawing money under them. At September 30, 2009, the Company was in compliance with these covenants.

Cash and cash equivalents increased by $1.6 million during fiscal year 2009. Approximately $55.4 million in cash and cash equivalents were provided by operating activities, primarily as the result of the decrease in accounts receivable and inventories. Operating cash flow was negatively affected by decreased net income and other non-cash items, principally depreciation and amortization and by a decrease in income tax payable, accounts payable and accrued liabilities and pension obligations.

Net cash used in investing activities totaled $18.2 million for the year ended September 30, 2009, and related primarily to acquisitions ($12.3 million), various additions to property and equipment ($7.8 million), purchase of short-term investments ($2.3 million), offset by the sale of short-term investments ($3.7 million) and proceeds from sales of property and equipment ($0.5 million).

Net cash used in financing activities totaled $35.6 million and was primarily related to repayments of loans amounting to $48.0 million, partly offset by $11.8 million net borrowings from banks, $0.2 million generated through issuance of new shares from the exercise of stock options and $0.4 million was related to excess of tax benefit from stock options.

The following table illustrates the Company's contractual obligations as of September 30, 2011:

	Payments due by period (in thousands)				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long and short-term debt	$ 22,863	$ 8,122	$ 10,606	$ 4,135	$ --
Pension obligations	17,905	616	1,713	1,830	13,746
Operating lease obligations	39,491	9,550	13,136	7,242	9,563
Purchase obligations *	118,417	95,357	22,100	960	--
Interest obligation	1,289	634	558	97	--
Other short- and long-term obligations	3,783	1,000	632	266	1,885
Total	$ 203,748	$ 115,279	$ 48,745	$ 14,530	$ 25,194

* Purchase obligations include payments due under various types of agreements to purchase raw materials or other goods.

Note – Uncertain tax benefit liabilities of $ 0.8 million are not included in the Company's contractual obligation table, as the Company can not make reasonable estimates about the timing of any required payments related to these liabilities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements or financing arrangements involving variable interest entities, except for the remaining unused credit lines amounting $61.9 million.

CURRENCY EXCHANGE RATE FLUCTUATIONS

Although the Company prepares its consolidated financial statements in U.S. dollars, approximately 63% of its net sales are denominated in other currencies, primarily the Euro, Swedish krona, Swiss francs, British pound, Singapore dollar, Taiwanese dollar, Korean won, Japanese yen, Canadian dollar, and Chinese RMB. Net sales and costs and related assets and liabilities are generally denominated in the functional currencies of the operations, thereby serving to reduce the Company's exposure to exchange gains and losses.

Exchange differences upon translation from each operation's functional currency to U.S. dollars are accumulated as a separate component of equity. The currency translation adjustment component of shareholders' equity had the effect of increasing total equity by $13.4 million at September 30, 2011, as compared to $17.6 million at September 30, 2010.

The fluctuation of the Euro and the other relevant functional currencies against the U.S. dollar has had the effect of increasing or decreasing (as applicable) reported net sales, as well as cost of goods sold, gross margin, selling, general and administrative expenses, and research and development expenses, denominated in such foreign currencies when translated into U.S. dollars as compared to prior periods.

The Company defines the term "constant currency" to mean that financial data for a period are translated into U.S. dollars using the same foreign currency exchange rates that were used to translate financial data for the previously reported period. Changes in sales, gross profit, and income from operations include the effect of fluctuations in foreign currency exchange rates. The Company's management reviews and analyzes business results on a constant currency basis and believes these results represent the Company's underlying business trends without distortion due to currency fluctuations. The Company believes that this "constant currency" financial information is a useful measure for investors because it reflects actual changes in operations.

The following chart compares our net sales, gross profit, and income from operations for each of fiscal years 2011, 2010, and 2009, to the equivalent financial results calculated on a "constant currency" basis. Because this "constant currency" financial information does not conform to Generally Accepted Accounting Principles, it is presented under the caption "Non-GAAP Constant Currency":

	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	GAAP Actual	Non-GAAP Constant Currency	GAAP Actual	Non-GAAP Constant Currency	GAAP Actual	Non-GAAP Constant Currency
	(in millions)					
Net sales	$ 597.8	$ 583.1	$ 423.6	$ 422.2	$ 349.6	$ 378.1
Gross profit	232.1	226.8	166.3	165.1	131.2	139.9
Income from operations	83.7	82.0	44.0	43.2	8.7	7.7

Between fiscal year 2010 and 2011, the average exchange rate for the Euro strengthened against the U.S. dollar by approximately 2.7%. The impact of this strengthening was to increase net sales and gross profit by $14.7 million and $5.3 million, respectively, because approximately 63% of fiscal year 2011 sales were denominated in other currencies, primarily the Euro. These exchange rate fluctuations had the effect of increasing operating expense by $3.6 million, thereby increasing income from operations by $1.7 million.

Between fiscal year 2009 and 2010, the average exchange rate for the Euro weakened against the U.S. dollar by approximately 0.3%. The impact of fluctuations in exchanges rates of foreign currencies against the U.S. dollar was to increase net sales and gross profit by $1.4 million and $1.2 million, respectively, because approximately 64% of fiscal year 2010 sales were denominated in other currencies, primarily the Euro. These exchange rate fluctuations had the effect of increasing operating expense by $0.4 million, thereby increasing income from operations by $0.8 million.

Between fiscal year 2009 and 2008, the average exchange rate for the Euro weakened against the U.S. dollar by approximately 10.5%. The impact of this weakening was to decrease net sales and gross profit by $28.5 million and $8.7 million, respectively, because approximately 72% of sales were denominated in other currencies, primarily the Euro. This weakening of the Euro had the effect of decreasing operating expenses by $29.5 million, thereby increasing income from operations only by $1.0 million.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are also described in Note 1 of the consolidated financial statements. Certain of the accounting policies require the application of significant judgment by management in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty.

Allowance for Doubtful Accounts

The Company records allowances for uncollectible customer accounts receivable based on historical experience. Additionally, an allowance is made based on an assessment of specific customers' financial condition and liquidity. If the financial condition of the Company's customers were to deteriorate, additional allowances may be required. No individual customer represents more than 10% of total accounts receivable. Any increase in allowance will impact operating income during a given period.

Inventory Valuation

Inventories are stated at the lower of cost or market, after provisions for excess and obsolete inventory salable at prices below cost. Provisions for slow moving and obsolete inventories are provided based on current assessments about historical experience and future product demand and production requirements for the next twelve months. These factors are impacted by market conditions, technology changes, and changes in strategic direction, and require estimates and management judgment that may include elements that are uncertain. The Company evaluates the adequacy of these provisions quarterly. Although the Company strives to achieve a balance between market demands and risk of inventory excess or obsolescence, it is possible that, should conditions change, additional provisions may be needed. Any changes in provisions will impact operating income during a given period.

Warranty Reserves

The Company provides reserves for the estimated costs of product warranties when revenue is recognized. The Company relies upon historical experience, expectations of future conditions, and its service data to estimate its warranty reserve. The Company continuously monitors this data to ensure that the reserve is sufficient. Warranty costs have historically been within our expectations. To the extent we experience increased warranty claim activity or increased costs associated with servicing those claims (such costs may include material, labor, and travel costs), revisions to the estimated warranty liability would be required. Increases in reserves will impact operating income during the period.

Pension Obligations

The determination of the Company's obligation and expense for pension is dependent on the selection of certain actuarial assumptions in calculating those amounts. Assumptions are made about interest rates, expected investment return on plan assets, total turnover rates, and rates of future compensation increases. In addition, the Company provides the actuarial consultants with subjective factors such as withdrawal rates and mortality rates to develop their calculations of these amounts. The Company generally reviews these assumptions at the beginning of each fiscal year. The Company is required to consider current market conditions, including changes in interest rates, in making these assumptions. The actuarial assumptions that the Company uses may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact on the amount of pension benefits expense the Company has recorded or may record.

The discount rate enables the Company to state expected future cash flows at a present value on the measurement date. The Company has little latitude in selecting this rate and it must represent the market rate of high-quality fixed income investments. A lower discount rate increases the present value of benefit obligations and increases pension expense.

To determine the expected long-term rate of return on plan assets, the Company considers the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets.

Income Taxes

We estimate our income tax provision in each of the jurisdictions in which we operate, a process that includes estimating exposures related to examinations by taxing authorities. We must also make judgments regarding the ability to realize the deferred tax assets. The carrying value of our net deferred tax assets is based on our belief that it is more likely than not that we will generate sufficient future taxable income in certain jurisdictions to realize these deferred tax assets. A valuation allowance has been established for deferred tax assets that we do not believe meet the "more likely than not" criteria. We assess whether an uncertain tax position taken or expected to be taken in a tax return meets the threshold for recognition and measurement in the consolidated financial statements. Our judgments regarding future taxable income as well as tax positions taken or expected to be taken in a tax return may change due to changes in market conditions, changes in tax laws or other factors. If our assumptions and consequently our estimates change in the future, the valuation allowances and/or tax reserves established may be increased or decreased, resulting in a respective increase or decrease in income tax expense.

Share-Based Payment

Stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as expense over the employee requisite vesting period. We make judgments about the fair value of the awards, including the expected term of the award, volatility of the underlying stock and estimated forfeitures, which impact the amount of compensation expense recognized in the financial statements. Such amounts may change as a result of additional grants, forfeitures, modifications in assumptions and other factors. The income tax effects of share-based payments are recognized in the financial statements for those awards which will normally result in tax deductions under existing tax law. Under current U.S. federal tax laws, we receive a compensation expense deduction related to stock options only when those options are exercised and vested shares are received. Accordingly, the financial statement recognition of compensation cost for stock options creates a deductible temporary difference which results in a deferred tax asset and a corresponding deferred tax benefit in the income statement for all U.S.-based employees. Stock compensation expense related to non-U.S. employees is treated as a permanent difference for income tax purposes.

Recent Accounting Pronouncements Adopted

In July 2010, the Financial Accounting Standard Board ("FASB") issued ASU No. 2010-20, "Receivables (Topic 310) - Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses" ("ASU 2010-20") which requires additional disclosures about an entity's allowance for credit losses and the credit quality of its financing receivables. These amendments affect all entities with financing receivables, excluding short-term accounts receivable or receivables measured at fair value or lower of cost or fair value. The guidance on disclosures as of the end of a reporting period was effective for the Company on December 31, 2010. The disclosures about activity that occurs during a reporting period became effective for the Company's second quarter of fiscal year 2011. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In April 2010, the FASB issued ASU No. 2010-17, "Revenue Recognition - Milestone Method (Topic 605)" ("ASU 2010-17"), which provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for certain revenue transactions. This guidance was effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010 (fiscal year 2011 for the Company). The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures" ("ASU 2010-06"), which provides amendments to Subtopic 820-10 that require new disclosures regarding (1) transfers in and out of Levels 1 and 2 fair value measurements and (2) activity in Level 3 fair value measurements. Additionally, ASU 2010-06 clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The guidance in ASU 2010-06 became effective for the Company's second quarter of fiscal year 2010 and the disclosures required by this adoption are included in Note 2 "Fair Value Measurements", except for disclosures about purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurements which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In October 2009, the FASB issued new accounting guidance for revenue recognition with multiple deliverables. This guidance impacts the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. Additionally, this new accounting guidance modifies the manner in which the transaction consideration is allocated across the separately identified deliverables by no longer permitting the residual method of allocating arrangement consideration. The new guidance was effective for the Company prospectively for revenue arrangements entered into or materially modified beginning in the first quarter of fiscal year 2011. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and is not expected to have a material effect on the Company's consolidated financial statements in subsequent periods.

In June 2009, ASC Topic 810 was amended to improve financial reporting by enterprises involved with variable interest entities. This Topic addresses (1) the effects on certain provisions regarding the consolidation of variable interest entities, as a result of the elimination of the qualifying special-purpose entity concept in ASC Topic 860 regarding the accounting for transfers of financial assets, and (2) concern about the application of certain key provisions of FASB Interpretation No. 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. The adoption of this guidance, in fiscal year 2011, did not have an impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted as of September 30, 2011

In June 2011, the FASB issued guidance requiring changes to the presentation of comprehensive income which requires entities to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, which is the method of presentation used by the Company, will no longer be permitted. These changes will have no impact on the calculation and presentation of earnings per share. These changes, with retrospective application, become effective for the Company for interim and annual periods beginning in fiscal year 2013, with early adoption allowed. Other than the change in presentation, these changes will not have an impact on the consolidated financial statements.

In May 2011, the FASB issued additional guidance on fair value measurements that clarifies the application of existing guidance and disclosure requirements, changes certain fair value measurement principles and requires additional disclosures about fair value measurements. The updated guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The adoption of this guidance is not expected to have a material impact on our consolidated financial position, results of operations and cash flows.

In December 2010, the FASB issued ASU 2010-28, "Intangibles – Goodwill and Other (ASC Topic 350)", which amended its existing guidance for goodwill and other intangible assets. This authoritative guidance modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if there are qualitative factors indicating that it is more likely than not that a goodwill impairment exists. The qualitative factors are consistent with the existing guidance which requires goodwill of a reporting unit to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This authoritative guidance becomes effective for the Company in fiscal year 2012. The implementation of this authoritative guidance is not expected to have a material impact on our consolidated financial position, results of operations and cash flows.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment". The amendments under ASU 2011-08 will allow entities to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for entities to consider in conducting the qualitative assessment. Entities will have the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step quantitative goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 (fiscal 2013 for the Company), and early adoption is permitted. Adoption of ASU 2011-08 is not expected to have a material impact on the Company's financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion about the Company's market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in interest rates and foreign currency exchange rates. The Company does not use derivative financial instruments for trading purposes.

Interest Rate Sensitivity

As of September 30, 2011, the Company maintained cash equivalents and short-term investments of $130.4 million, consisting mainly of non-taxable interest bearing securities and demand deposits all with maturities of less than one year. If short-term interest rates were to increase or decrease by 10%, the impact on interest income would be less than $0.1 million.

As of September 30, 2011, the Company had $4.0 million of variable rate debt on which the interest rate is reset every three months, $5.7 million of variable rate debt on which the interest rate is reset every six months, $2.6 million of variable rate debt on which the interest rate is reset every twelve months and $10.6 million of fixed rate debt. Maturities of this debt are as follows: $8.1 million is due in 2012, $8.7 million is due in 2013, $1.9 million is due in 2014, $1.4 million is due in 2015, and $2.8 million is due in 2016. A 10% change in the variable interest rates of the Company's debt would result in an increase or decrease in interest expense of less than $0.1 million.

The Company has entered into an interest rate swap agreement of total notional amount of Euro 3.0 million (equivalent to $4.0 million based on the exchange rate at September 30, 2011) to minimize the interest expenses on short-term debt by shifting from variable to fixed interest rates, that is included in the previous paragraph as variable debt.

The Company has entered into an interest rate swap agreement of total notional amount of Swiss francs 4.5 million (equivalent to $5.0 million based on the exchange rate at September 30, 2011) to minimize the interest expenses on short-term debt by shifting from variable to fixed interest rates, that is included in the previous paragraph as variable debt.

Foreign Currency Exchange Risk

The Company enters into foreign currency forward contracts and forward exchange options generally of less than one year duration to hedge a portion of its foreign currency risk on sales transactions. At September 30, 2011, the Company held Japanese yen forward exchange options with notional amounts of Euro 0.6 million, Japanese yen forward exchange options with notional amount of $0.2 million, and Singapore dollar knock-out forward contract with notional amounts of $2.7 million. The gains or losses resulting from a 10% change in currency exchange rates would be approximately less than $0.1 and $0.3 million, respectively.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 15(a) for an index to the consolidated financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Attached as exhibits to this Form 10-K are certifications of the Company's Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications. Part IV, Item 15 of this Form 10-K, sets forth the report of Deloitte & Touche LLP, our independent registered public accounting firm, regarding its audit of the Company's internal control over financial reporting set forth below in this section. This section should be read in conjunction with the certifications and the Deloitte & Touche LLP report for a more complete understanding of the topics presented.

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) . Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2011.

There has been no change in the Company's internal control over financial reporting during the fourth quarter of the fiscal year ended September 30, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records, that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions

are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the Company's internal control over financial reporting as of September 30, 2011, the end of its fiscal year. Management based its assessment on criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and the Company's overall control environment. This assessment is supported by testing and monitoring performed by the Company's Internal Audit organization.

Based on its assessment, management has concluded that the Company's internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with Generally Accepted Accounting Principles. Management reviewed the results of its assessment with the Audit Committee of the Company's Board of Directors.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, independently assessed the effectiveness of the Company's internal control over financial reporting. Deloitte & Touche LLP has issued an attestation report concurring with management's assessment, which is included at the beginning of Part IV, Item 15 of this Annual Report on Form 10-K.

The Company's management does not expect that the internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, errors and instances of fraud, if any, within the Company have been or will be detected.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is included in the "Election of Directors", "Directors and Executive Officers", "Section 16(a) Beneficial Ownership Reporting Compliance", and "Committees of the Board of Directors; Meetings and Compensation of Directors", sections of the Company's Proxy Statement to be filed in connection with the Company's 2012 Annual Meeting of Stockholders to be held in March 2012, and is incorporated by reference herein.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included in the "Executive Compensation and Related Information" section of the Company's Proxy Statement to be filed in connection with the Company's 2012 Annual Meeting of Stockholders to be held in March 2012, and is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the number of securities authorized for issuance under our equity compensation plans at September 30, 2011:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2002 Equity Incentive Plan	1,608,900	22 1/2	--
2007 Incentive Stock Plan	1,238,550 *	28 6/7	1,466,500
Total equity compensation plans approved by security holders	2,847,450	25 2/7	1,466,500
Equity compensation plans not approved by security holders	--	--	--
Total	2,847,450	25 2/7	1,466,500

The remaining information required by this is included in the "Security Ownership of Certain Beneficial Owners" and "Management" sections of the Company's Proxy Statement to be filed in connection with the Company's 2012 Annual Meeting of Stockholders to be held in March 2012, and is incorporated by reference herein.

* Does not included 48,000 shares that were issued as the annual grants of shares of common stock to outside Board of Directors.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is included in the "Compensation Committee", "Compensation Committee Interlocks and Insider Participation", and "Certain Relationships and Related Transactions" sections of the Company's Proxy Statement to be filed in connection with the Company's 2011 Annual Meeting of Stockholders to be held in March 2012, and is incorporated by reference herein.

The main facility in Starnberg is rented under a 25-year operating lease from the former minority shareholder of CBL, Mr. Baasel, who is also a member of the Board of Directors of the Company, and includes a clause to terminate the lease contract upon two-year notice. The Company paid expenses, mainly for rental expenses, $0.9 million, to Mr. Baasel during fiscal years 2011, 2010, and 2009.

The Company believes that all transactions noted above, have been executed on an arms-length basis. Except for the foregoing, no director, officer, nominee director, 5% holder of the Company's shares, or immediate family member, associate or affiliate thereof, had any material interest, direct or indirect, in any transaction since the beginning of fiscal year 2011 or has any material interest, direct or indirect, in any proposed transaction, having a value of $60,000 or more.

Indebtedness of Officers and Directors

Since the beginning of fiscal year 2004, there has been no indebtedness to the Company by any director or officer or associates of any such person, other than reimbursements for purchases, for ordinary travel and expense advances and for other transactions in the ordinary course of business.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under “Independent Public Accountants” in the definitive form of the Company’s Proxy Statement to be filed in connection with the Company’s 2012 Annual Meeting of Stockholders to be held in March 2012, is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a. 1. Consolidated Financial Statements

The following financial statements are filed as part of this Form 10-K:

2. Financial Statement Schedules

Schedules not listed above have been omitted because the matter or conditions are not present or the information required to be set forth therein is included in the Consolidated Financial Statements hereto.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report.

EXHIBIT NUMBER	DESCRIPTION
3.1	Certificate of Incorporation of the Company and Form of Certificate of Amendment thereto (*)
3.2	By-Laws of the Company, as amended through November 29, 2011 (**)
4.1	Form of Rights Agreement (*)
10.1	Form of Sale and Transfer Agreement between Siemens Aktiengesellschaft and Rofin-Sinar Technologies Inc. (*)
10.2	Form of Sale and Transfer Agreement by and among Siemens Power Corporation and Rofin-Sinar Technologies Inc. (*)
10.3	Form of Tax Allocation and Indemnification Agreement among Rofin-Sinar Technologies Inc., Rofin-Sinar, Inc., Siemens Corporation, and Siemens Power Corporation (*)
10.4	Joint Venture Agreement, dated as of May 27, 1992, by and among Rofin-Sinar Laser GmbH, Marubeni Corporation and Nippei Toyama Corporation (*)
10.5	Cooperation Agreement, dated as of May 27, 1992, among Nippei Toyama Corporation, Rofin-Sinar Laser GmbH, and Marubeni Corporation (*)
10.6	Cooperation Agreement, dated as of May 27, 1992, among Rofin-Sinar Laser GmbH, Marubeni Corporation, and Nippei Toyama Corporation (*)
10.7	Inheritable Building Right (Erbbaurecht), dated as of March 1, 1990, between Rofin-Sinar Laser GmbH and Lohss GmbH (in German, English summary provided) (*)
10.8	Lease Agreement, dated August 10, 1990, between Josef and Maria Kranz and Rofin-Sinar Laser GmbH (in German, English summary provided) (*)
10.9	Lease Agreement, dated March 25, 1993, between DR Group and Rofin-Sinar, Incorporated (Concept Drive property) (*)
10.10	Rofin-Sinar Laser GmbH Pension Plan (in German, English summary provided) (*) (a)
10.11	Form of 1996 Equity Incentive Plan (*) (a)
10.12	Form of 1996 Non-Employee Directors' Stock Plan (*) (a)
10.13	Deutsche Bank AG Commitment Letter dated August 22, 1996 (*)
10.14	Form of Employment Agreement, dated as of September 2, 1996, among Peter Wirth, Rofin-Sinar Laser GmbH, and Rofin-Sinar Technologies Inc. (in German, English summary provided) (a)
10.15	Form of Employment Agreement, dated as of September 2, 1996, among Gunther Braun, Rofin-Sinar Laser GmbH, and Rofin-Sinar Technologies Inc. (in German, English summary provided) (*) (a)
10.16	English Translation of Acquisition Agreement, dated as of April 29, 2000, by and between Mannesmann Demag Krauss-Maffei AG and Rofin-Sinar Laser GmbH (****)
10.17	English Translation of Option Agreement between Carl Baasel and Rofin-Sinar Laser GmbH

EXHIBIT NUMBER	DESCRIPTION
	(***)
10.18	Lease Agreement between Carl Baasel and Rofin-Sinar Laser GmbH (***)
10.19	2002 Equity Incentive Plan (*****) (a)
10.20	2007 Incentive Stock Plan (*******) (a)
14.1	Code of Business Ethics (******)
21.1	List of Subsidiaries of the Registrant
23.1	Consent of Deloitte & Touche, LLP Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
(*)	Incorporated by reference to the exhibits filed with the Company's Registration Statement on Form S-1 (File No. 333-09539) which was declared effective on September 25, 1996.
(**)	Filed herewith.
(***)	Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 24, 2000.
(****)	Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on January 18, 2001.
(*****)	Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 23, 2003.
(******)	Incorporated by reference to the exhibit filed with the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 30, 2004.
(*******)	Incorporated by reference to the exhibit filed with the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 25, 2007 and as amended by the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2011.

EXHIBIT NUMBER	DESCRIPTION
(a)	Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(c) of this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 29, 2011

ROFIN-SINAR TECHNOLOGIES INC.

By: /s/ Günther Braun
Günther Braun
President, Chief Executive Officer, and Director

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Peter Wirth Peter Wirth	Chairman of the Board	November 29, 2011
/s/ Günther Braun Günther Braun	President, Chief Executive Officer, and Director	November 29, 2011
/s/ Ingrid Mittelstaedt Ingrid Mittelstaedt	Chief Financial Officer	November 29, 2011
/s/ Ralph Reins Ralph Reins	Director	November 29, 2011
/s/ Gary Willis Gary Willis	Director	November 29, 2011
/s/ Carl F. Baasel Carl F. Baasel	Director	November 29, 2011
/s/ Daniel Smoke Daniel Smoke	Director	November 29, 2011
/s/ Stephen Fantone Stephen Fantone	Director	November 29, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Rofin-Sinar Technologies Inc. and Subsidiaries
Plymouth, Michigan

We have audited the accompanying consolidated balance sheets of Rofin-Sinar Technologies Inc. and subsidiaries (the "Company") as of September 30, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended September 30, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15 (the “financial statement schedule”). We also have audited the Company's internal control over financial reporting as of September 30, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011,

based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/Deloitte & Touche LLP

Detroit, MI

November 29, 2011

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)

	September 30,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 127,412	$ 110,628
Short-term investments	2,964	5,691
Accounts receivable, trade	123,084	100,659
Less allowance for doubtful accounts	(3,693)	(3,020)
Trade accounts receivable, net	119,391	97,639
Accounts receivable from related party (note 14)	369	294
Other accounts receivable	5,294	3,886
Inventories, net (note 3)	188,847	151,759
Prepaid expenses	7,367	3,801
Deferred income tax assets (note 11)	15,625	13,657
Total current assets	467,269	387,355
Long-term investments (note 4)	3,700	4,950
Property and equipment, at cost (note 5)	139,268	121,114
Less accumulated depreciation	(73,714)	(68,463)
Property and equipment, net	65,554	52,651
Deferred income tax assets (note 11)	13,711	12,865
Goodwill (note 6)	90,500	89,796
Intangibles, net (note 6)	12,157	10,178
Other assets	1,055	397
Total assets	$653,946	$ 558,192
LIABILITIES AND EQUITY		
Current liabilities:		
Line of credit and short-term borrowings (note 8 and 9)	$ 8,121	$ 5,173
Accounts payable, trade	27,082	23,173
Accounts payable to related party (note 14)	311	566
Income taxes payable (note 11)	13,849	7,114
Deferred income tax liabilities (note 11)	991	1,722
Accrued liabilities (note 7)	83,587	62,164
Total current liabilities	133,941	99,912
Long-term debt (note 9)	14,742	15,488
Pension obligations (note 12)	17,549	18,163
Deferred income tax liabilities (note 11)	5,781	4,196
Other long-term liabilities	3,316	2,957
Total liabilities	175,329	140,716
Commitments and contingencies (note 10)		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued or outstanding	--	--
Common stock, $0.01 par value, 50,000,000 shares authorized, 32,404,100 shares issued at September 30, 2011 (31,951,500 shares issued at September 30, 2010)	324	320
Additional paid-in capital	217,896	205,100
Retained earnings	393,523	333,491
Accumulated other comprehensive income	10,446	14,399
Treasury shares, at cost, 3,917,341 shares at September 30, 2011 (3,683,504 at September 30, 2010)	(148,232)	(139,453)
Total Rofin-Sinar Technologies Inc. stockholders' equity	473,957	413,857
Noncontrolling interest in subsidiaries	4,660	3,619
Total equity	478,617	417,476
Total liabilities and equity	$ 653,946	$ 558,192

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2011, 2010, AND 2009
(dollars in thousands, except share and per share amounts)

	Years ended September 30,		
	2011	2010	2009
Net sales	$ 597,763	$ 423,570	$ 349,579
Cost of goods sold	365,684	257,316	217,532
Gross profit	232,079	166,254	132,047
Selling, general and administrative expenses	107,510	89,908	88,906
Research and development expenses	38,337	30,137	31,500
Amortization expense	2,569	2,250	3,559
Income from operations	83,663	43,959	8,082
Other expense (income):			
Interest income	(868)	(601)	(1,442)
Interest expense	733	976	1,751
Foreign currency gains	(1,946)	(1,490)	(4,178)
Miscellaneous	(1,399)	(827)	(2,749)
Total other expense (income), net	(3,480)	(1,942)	(6,618)
Income before income taxes	87,143	45,901	14,700
Income tax expense (note 11)	26,070	15,442	5,197
Net income	61,073	30,459	9,503
Less: net income attributable to the noncontrolling interest	1,041	619	340
Net income attributable to RSTI	$ 60,032	$ 29,840	$ 9,163
Net income attributable to RSTI per share (note 13):			
Per Share of Common Stock Basic	$ 2.11	$ 1.04	$ 0.32
Per Share of Common Stock Diluted	$ 2.06	$ 1.02	$ 0.31
Weighted average shares used in computing earnings per share (note 13):			
Basic	28,440,185	28,807,130	28,911,559
Diluted	29,104,945	29,211,850	29,193,771

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2011, 2010, AND 2009
(dollars in thousands)

	Number of Common Shares Outstanding	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Rofin-Sinar Technologies Stockholders' Equity	Non-Controlling Interests	Total Stockholders' Equity
BALANCES at September 30, 2008	28,896,619	$ 317	$189,091	$294,488	$ 38,358	$(119,996)	$ 402,258	$ 2,287	$ 404,545
Comprehensive income									
Fair value of interest swap agreement		--	--	--	(216)	--	(216)	--	(216)
Defined benefit pension plan:									
Net loss arising during period (net of taxes $(1,585))		--	--	--	(3,176)	--	(3,176)	--	(3,176)
Foreign currency translation adjustment		--	--	--	3,210	--	3,210	--	3,210
Net income		--	--	9,163	--	--	9,163	340	9,503
Total comprehensive income							8,981	340	9,321
Acquisition of NELC								733	733
Common stock issued in connection with:									
Stock incentive plans	23,200	1	7,094	--	--	--	7,095	--	7,095
BALANCES at September 30, 2009	28,919,819	$ 318	$196,185	$303,651	$ 38,176	$(119,996)	$ 418,334	3,360	$ 421,694
Comprehensive income:									
Fair value of interest swap agreement		--	--	--	31	--	31	--	31
Defined benefit pension plan:									
Net loss arising during period (net of taxes $(290))		--	--	--	(825)	--	(825)	--	(825)
Foreign currency translation adjustment		--	--	--	(22,983)	--	(22,983)		(22,983)
Net income		--	--	29,840	--	--	29,840	619	30,459
Total comprehensive income							6,063	619	6,682
Common stock issued in connection with:									
Stock incentive plans	202,100	2	8,915	--	--	--	8,917	--	8,917
Dividend payments		--	--	--	--	--	--	(360)	(360)
Less common shares held in treasury, at cost	(853,923)	--	--	--	--	(19,457)	(19,457)	--	(19,457)
BALANCES at September 30, 2010	28,267,996	$ 320	$205,100	$333,491	$ 14,399	$(139,453)	413,857	$ 3,619	$ 417,476

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME, CONTINUED
YEARS ENDED SEPTEMBER 30, 2011, 2010, AND 2009
(dollars in thousands)

	Number of Common Shares Outstanding	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Rofin-Sinar Technologies Stockholders' Equity	Non-Controlling Interests	Total Equity
BALANCES at September 30, 2010	28,267,996	$ 320	$205,100	$333,491	$ 14,399	$(139,453)	413,857	$ 3,619	$ 417,476
Comprehensive income:									
Fair value of interest swap agreement (net of taxes of $43)		--	--	--	(151)	--	(151)	--	(151)
Defined benefit pension plan:									
Net gain arising during period (net of taxes of $(2))		--	--	--	419	--	419	--	419
Foreign currency translation adjustment		--	--	--	(4,221)	--	(4,221)		(4,221)
Net income		--	--	60,032	--	--	60,032	1,041	61,073
Total comprehensive income							56,079	1,041	57,120
Common stock issued in connection with:									
Stock incentive plans	452,600	4	12,796	--	--	--	12,800	--	12,800
Less common shares held in treasury, at cost	(233,837)	--	--	--	--	(8,779)	(8,779)	--	(8,779)
BALANCES at September 30, 2011	28,486,759	$ 324	$217,896	$393,523	$ 10,446	$(148,232)	473,957	$ 4,660	$ 478,617

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2011, 2010, AND 2009
(dollars in thousands)

	Years ended September 30,		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 61,073	$ 30,459	$ 9,503
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,027	11,646	12,984
Issuance of restricted stock	311	260	366
Provision for doubtful accounts	1,606	421	1,004
Exchange rate gains	(914)	(1,864)	(171)
(Gain) Loss on disposal of property and equipment	135	49	(35)
Stock-based compensation expenses	5,200	5,647	6,089
Deferred income taxes	(3,441)	206	(2,715)
Change in operating assets and liabilities:			
Accounts receivable, trade	(21,349)	(21,761)	38,041
Other accounts receivable	(1,427)	(1,441)	756
Inventories	(27,529)	(21,203)	21,026
Prepaid expenses and other	(4,186)	(2,030)	667
Accounts payable	2,718	10,773	(9,235)
Income taxes payable	6,961	7,269	(6,241)
Accrued liabilities and pension obligations	17,786	18,413	(16,634)
Net cash provided by operating activities	49,971	36,844	55,405
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	(21,779)	(8,617)	(7,791)
Proceeds from the sale of property and equipment	418	234	531
Purchases of short-term investments	(8,640)	(10,913)	(2,335)
Sales of short-term and long-term investments	12,648	12,441	3,675
Acquisition of businesses, net of cash acquired	(11,161)	(1,400)	(12,293)
Net cash used in investing activities	(28,514)	(8,255)	(18,213)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings from bank	6,253	30,206	11,833
Repayments to bank	(9,498)	(39,948)	(48,024)
Purchase of treasury stock	(8,779)	(19,457)	--
Issuance of common stock	7,153	3,006	176
Excess tax benefit from stock options	136	4	464
Payments to subsidiary's minority shareholders	--	(360)	--
Net cash used in financing activities	(4,735)	(26,549)	(35,551)
Effect of foreign currency translation on cash	62	(7,540)	1
Net increase (decrease) in cash and cash equivalents	16,784	(5,500)	1,642
Cash and cash equivalents at beginning of year	110,628	116,128	114,486
Cash and cash equivalents at end of year	$ 127,412	$ 110,628	$ 116,128
Cash paid during the year for interest	$ 673	$ 814	$ 1,949
Cash paid during the year for income taxes	$ 21,060	$ 5,237	$ 13,651

See accompanying notes to consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES

Description of the Company and Business

The primary business of Rofin-Sinar Technologies Inc. ("Rofin" or "RSTI" or "the Company") is to develop, manufacture, and market industrial lasers and supplies used for material processing applications. The majority of the Company's customers are in the machine tool, automotive and semiconductor, and electronics industries and are located in the United States, Europe, and Asia. For the years ended September 30, 2011, 2010, and 2009, Rofin generated approximately 64%, 60%, and 58%, respectively, of its revenues from the sale of lasers and laser systems. For the years ended September 30, 2011, 2010, and 2009, approximately 36%, 40%, and 42%, respectively, were generated from aftermarket support for the Company's existing laser products and from its components business.

The accompanying financial statements present the historical financial information of Rofin-Sinar Technologies Inc., its wholly-owned subsidiaries Rofin-Sinar, Inc. ("RS Inc."), PRC Laser Corp. ("PRC"), Lee Laser, Inc. ("Lee"), Rofin-Baasel Canada Ltd., Dilas Diodelaser, Inc., Corelase Oy, Nufern, Rofin-Sinar Technologies Europe S.L. ("RSTE") and its 80%-owned subsidiaries Nanjing Eastern Laser Company, Ltd. ("NELC") and Nanjing Eastern Technologies Company, Ltd. ("NET"). RSTE, a European holding company formed in 1999, owns 100% of Rofin-Sinar Laser GmbH ("RSL"), 95% of Dilas Diodenlaser GmbH ("Dilas"), 100% of Rofin-Baasel Italiana S.r.l., 100% of Rofin-Baasel France S.A., 100% of Rofin-Sinar UK Ltd., 100% of Rofin-Baasel UK Ltd., 100% of Rofin-Baasel Benelux B.V., 100% of Rofin-Baasel Singapore Pte., Ltd., 100% of Rofin-Baasel Espana S.L. ("RBE"), 100% of Rofin-Baasel Taiwan Ltd., 100% of Rofin-Baasel Korea Co., Ltd., 100% of Rofin-LASAG AG and 100% of Rofin-Baasel Swiss AG.

Rofin Baasel UK Ltd. owns 100% of ES Technology Ltd. ("EST"). The financial statements of EST include the consolidated accounts of Laser Service Ltd.

The financial statements of PRC include the consolidated accounts of PRC Laser Europe N.V., Belgium.

RSL includes the consolidated accounts of its 88%-owned subsidiary, Rofin-Baasel Japan Corporation, its 100%-owned subsidiary, Rasant-Alcotec Beschichtungstechnik GmbH ("Rasant"), its 100%-owned subsidiary, Rofin-Baasel Lasertech GmbH & Co. KG (formerly Carl Baasel Lasertechnik GmbH & Co. KG) ("CBL"), its 100%-owned subsidiary Optoskand AB ("Optoskand"), its 100%-owned subsidiary, CBL Verwaltungsgesellschaft GmbH, its 80%-owned subsidiary m2k-laser GmbH ("m2k"), its 100%-owned subsidiary ROFIN BAASEL Laser India Pvt. Ltd., and its 80%-owned subsidiary Rofin-Baasel China Co., Ltd.

CBL includes the consolidated accounts of its wholly-owned subsidiaries, Rofin-Baasel, Inc., WB-PRC Laser Service GmbH, PMB Elektronik GmbH, and H2B Photonics GmbH.

Dilas includes the consolidated accounts of its 95%-owned subsidiary Dilas Diodelaser China Co., Ltd.

All intercompany balances and transactions have been eliminated in consolidation.

Acquisitions and Formation of New Entities

The Company uses the acquisition method of accounting for its acquisitions with the respective results of operations included in the consolidated results from the date of acquisition.

- During fiscal year 2009, the Company settled an earn-out agreement with the former Nufern owners for an aggregate of $5.0 million and finalized its valuation of the identified intangible assets related to this acquisition. As a result, a total adjustment amounting to a net decrease of $3.7 million was made to the amount of goodwill recorded. This purchase resulted in final goodwill of $2.9 million.

- Effective March 11, 2009, the Company made the final payment for the outstanding earn-out, and acquired the remaining 10% of share capital of Optoskand AB through its wholly-owned subsidiary

Rofin-Sinar Laser GmbH under an option agreement. This purchase resulted in additional goodwill of $0.7 million.

- Effective April 9, 2009, the Company acquired 80% of the equity of China-based Nanjing Eastern Laser Company, Ltd. (NELC) through two separate cash transactions. NELC's product lines are largely comprised of high power, fast-axial flow CO_2 lasers, with a power range up to 3 kW as well as NC-based laser processing equipment. This purchase resulted in goodwill of $4.3 million.

- Effective April 12, 2010, the Company, through its wholly-owned subsidiary Nufern, purchased the Electro Optics fiber optic gyroscope coil winding business of Optelecom-NKF, Inc. This purchase resulted in additional goodwill of $0.3 million.

- Effective October 15, 2010, the Company acquired 100% of the common stock of LASAG AG, Thun (Switzerland) ("LASAG"), through its wholly-owned subsidiary RSTE. Additionally, the Company acquired the LASAG selling and service operations in Germany, Italy, Japan, and the United States. LASAG is one of the original laser companies with more than 30 years of experience in the development and manufacturing of industrial solid-state lasers. LASAG markets and sells its laser products for fine cutting, spot welding, drilling, and scribing applications to the medical device, automotive, electronic, and aerospace industries. In addition, LASAG has special expertise in high-precision drilling and laser processing heads. This purchase resulted in goodwill of approximately $1.6 million and other intangibles, net of $2.3 million.

- Effective August 24, 2011, the Company formed ROFIN BAASEL Laser India Pvt. Ltd. in Mumbai (India) as a wholly-owned subsidiary through its wholly-owned subsidiaries Rofin-Sinar Laser GmbH (99%) and Rofin-Baasel Lasertech GmbH & Co KG (1%). It started its operations in October 2011 and takes responsibility for sales and service of ROFIN laser products in India.

- Effective September 29, 2011, the Company received the remaining 15% of the share capital of H2B Photonics GmbH through a transfer of shares and now holds 100% of the share capital.

None of these acquisitions were material for the purpose of proforma presentation.

Fair Value

The Company's cash, short-term and long-term investments, accounts receivable, and accrued liabilities carried at amounts, which reasonably approximate their fair value due to their short-term nature. The Company's notes payable are at variable interest rates that approximate market. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models may be applied.

Assets and liabilities recorded at fair value in our balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

- Level 1 - Unadjusted observable quoted prices for identical instruments in active markets.
- Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Cash Equivalents

Cash equivalents consist of financial instruments that are readily convertible into cash and have original maturities of three months or less at the time of acquisition.

Inventories

Inventories are stated at the lower of cost or market, after provisions for excess and obsolete inventory salable at prices below cost. Costs are determined using the first-in, first-out and weighted average cost methods.

The Company writes down inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives, except for leasehold improvements, which are amortized over the lesser of their estimated useful lives or the term of the lease. The methods of depreciation are straight line for financial reporting purposes and accelerated for income tax purposes. Depreciable lives for financial reporting purposes are as follows:

	Useful Lives
Buildings	40 Years
Technical machinery and equipment	3-10 Years
Furniture and fixtures	3-10 Years
Computers and software	3-4 Years
Leasehold improvements	Term of lease

Total depreciation expense for the years ended September 30, 2011, 2010, and 2009, amounted to $10.5 million, $9.4 million, and $9.4 million, respectively.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of the assets acquired in connection with the Company's acquisitions.

Goodwill is required to be tested on an annual basis for potential impairment at the reporting unit level. A reporting unit is defined as the lowest level of an entity that is a business and that can be distinguished, physically and operationally and for internal reporting purposes, from other activities, operations, and assets of the entity. A reporting unit can be no higher than an operating segment and would generally be lower than that level of reporting. The Company manages its business under one operating and reportable segment, and has one reporting unit.

In testing for impairment, the fair value of the reporting unit, that is determined based on market data, is compared to its carrying amount. If the carrying value is below the fair value assessment, there will be no impairment loss. If the fair value is below the carrying value, then the Company is required to perform an additional test to determine the implied fair value of the goodwill.

The Company performed its annual goodwill impairment testing as of September 30th and determined that the fair value of its reporting unit exceeds its carrying value and accordingly, the second step of the impairment test was not required to be performed.

Revenue Recognition and Accounts Receivable Valuation

Revenue is recognized when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed or determinable and collection is probable. Terms under these arrangements are generally free on board ("FOB") shipping point, or ex works factory ("EXW"), at which time legal title passes from the Company to the customer. Therefore, delivery is generally considered to have occurred upon shipment. In certain circumstances customers may negotiate different terms. In these situations, delivery is considered to have occurred once legal title has passed from the Company to the customer. This may be at delivery to the customer's destination or acceptance by the Company's customer.

Sales to end-user customers and resellers typically do not have customer acceptance provisions and only certain of the original equipment manufacturer ("OEM") customer sales have customer acceptance provisions. Customer acceptance is generally limited to performance under published product specifications. For the few product sales that have customer acceptance provisions because of higher than published specifications, (1) the products are tested and accepted by the customer at a Company site or by the customer's acceptance of the results of a testing program prior to shipment to the customer, or (2) the revenue is deferred until customer acceptance occurs. The Company records revenues net of volume discount rebates that are earned by certain OEM-customers, based on sales levels, pursuant to contractual agreements.

The vast majority of our sales are made to OEMs, resellers, and end-users in the industrial market. Sales made to OEMs and resellers in the industrial market do not require installation of the products by the Company, as installation is performed by the customer and are not subject to other post-delivery obligations. The Company may enter into multiple-deliverable arrangements which include the delivery of lasers, laser systems, installation and training. Revenue from these arrangements is allocated to separate units of accounting if certain criteria are met. The allocation of the arrangement consideration to the separate units of accounting is based on vendor-specific objective evidence or third-party evidence. If such evidence is not available, the Company uses best estimate of selling price. Revenue related to installation and training is recognized when installation is completed or training is provided which usually takes place up to three months after the delivery of the laser or the laser system.

The Company records allowances for uncollectible customer accounts receivable based on historical experience. Additionally, an allowance is made based on an assessment of specific customers' financial condition and liquidity. If the financial condition of the Company's customers were to deteriorate, additional allowances may be required.

Income and Other Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognizes certain tax liabilities for anticipated tax audit findings in the U.S. and other tax jurisdictions based on its estimate of whether, and to the extent to which additional taxes would be due. If the audit finding results in actual taxes owed more or less than what the Company anticipated, its income tax expense would increase or decrease in the period of determination.

Revenue and expenses are presented net of sales, use and value added taxes, as the case may be.

Accounting for Warranties

The Company issues a standard warranty of one to two years for parts and labor on lasers that are sold. Additionally, extended warranties are negotiated on a contract-by-contract basis. The Company provides for estimated warranty costs as products are shipped.

The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectation of future conditions. To the extent the Company experiences increased warranty claim activity or increased costs associated with servicing those claims, revisions to the estimated warranty liability would be required.

Foreign Currency Translation

The assets and liabilities of the Company's operations outside the United States are translated into U.S. dollars at exchange rates in effect on the balance sheet date, and revenues and expenses are translated using a weighted average exchange rate during the period. Gains or losses resulting from the translation of foreign currency financial statements are recorded as a separate component of stockholders' equity. Gains and losses resulting from the remeasurement of foreign currency transactions are reported as a component of "Other expense (income)".

Earnings per Share ("EPS")

Basic EPS is computed by dividing "Net Income attributable to RSTI" by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from common stock equivalents (stock options).

Comprehensive Income

Comprehensive income consists of net income, foreign currency translation adjustments, pension liability adjustments, and fair value of interest rate swap agreements, and is presented in the consolidated statements of stockholders' equity and comprehensive income. Accumulated other comprehensive income is comprised of the following:

	September 30,		
	2011	2010	2009
Foreign currency translation adjustment	$ 13,394	$ 17,614	$ 40,597
Defined benefit pension plans (net of tax effect of $1,555 in 2011, $1,553 in 2010, and $1,263 in 2009)	(2,768)	(3,187)	(2,362)
Fair value of interest swap agreements (net of tax effect of $54 in 2011, $11 in 2010, and $22 in 2009)	(180)	(28)	(59)
Total accumulated other comprehensive income	$ 10,446	$ 14,399	$ 38,176

Research and Development Expenses

Research and development costs are expensed when incurred and are net of German government and European grants of $2,305, $2,586, and $1,991, received for the years ended September 30, 2011, 2010, and 2009, respectively. The Company has no future obligations under such grants.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage funding costs and exposures arising from fluctuations in interest rates. These derivative financial instruments consist primarily of interest rate swaps. The Company does not use derivative financial instruments for trading purposes.

On the date the derivative contract is entered into, the Company designates the derivative as a hedge of the variability of cash flows to be paid related to a recognized liability ("cash flow" hedge). Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until earnings are affected by the variability in cash flows of the designated hedged item.

Interest rate swap agreements designated as hedges of the Company's financial liabilities are recorded in the consolidated balance sheet at fair value. Adjustments to the fair value of the derivative asset or liability are recorded as an adjustment to other comprehensive income.

From time to time, the Company enters into foreign currency forward contracts and forward exchange options generally of less than one year duration to hedge a portion of its sales transactions denominated in foreign currencies. At September 30, 2011, the Company held Japanese yen forward exchange options with notional amounts of Euro 0.6 million, Japanese yen forward exchange options with notional amount of $0.2 million, and Singapore dollar knock-out forward contracts with notional amounts of $2.7 million.

Operating Leases

The Company leases facilities under operating leases. Building lease agreements generally include rent escalation clauses. Most of the Company's lease agreements include renewal periods at the Company's option. The Company recognizes scheduled rent increases on a straight-line basis over the lease term beginning with the date the Company takes possession of the leased space.

Use of Estimates

Management of the Company makes a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and the reporting of revenues and expenses, to prepare these financial statements in conformity with generally accepted U.S. accounting principles. Significant items subject to such estimates and assumptions include the valuation allowance for receivables, inventory valuation, warranty liabilities, the valuation allowance for deferred tax assets, assets and obligations related to employee benefits, and share based payment awards. Actual results could differ from these estimates.

Stock Incentive Plans

The Company measures share-based payments to employees, including grants of employee stock options, at fair value and expenses them in the consolidated statement of operations over the service period (generally the vesting period) of the grant.

Shipping and Handling Costs

The Company accounts for shipping and handling fees and costs by recording revenue from shipping and handling fees in net sales and shipping and handling costs in cost of sales.

Recent Accounting Pronouncements Adopted

In July 2010, the Financial Accounting Standards Board ("FASB") issued ASU No. 2010-20, "Receivables (Topic 310) - Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses" ("ASU 2010-20") which requires additional disclosures about an entity's allowance for credit losses and the credit quality of its financing receivables. These amendments affect all entities with financing receivables, excluding short-term accounts receivable or receivables measured at fair value or lower of cost or fair value. The guidance on disclosures as of the end of a reporting period was effective for the Company on December 31, 2010. The disclosures about activity that occurs during a reporting period became effective for the Company's second quarter of fiscal year 2011. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In April 2010, the FASB issued ASU No. 2010-17, "Revenue Recognition - Milestone Method (Topic 605)" ("ASU 2010-17"), which provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for certain revenue transactions. This guidance was effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010 (fiscal year 2011 for the Company). The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures" ("ASU 2010-06"), which provides amendments to Subtopic 820-10 that require new disclosures regarding (1) transfers in and out of Levels 1 and 2 fair value measurements and (2) activity in Level 3 fair value measurements. Additionally, ASU 2010-06 clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The guidance in ASU 2010-06 became effective for the Company's second quarter of fiscal year 2010 and the disclosures required by this adoption are included in Note 2 "Fair Value Measurements", except for disclosures about purchases, sales, issuances, and settlements in

the roll forward activity in Level 3 fair value measurements which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In October 2009, the FASB issued new accounting guidance for revenue recognition with multiple deliverables. This guidance impacts the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. Additionally, this new accounting guidance modifies the manner in which the transaction consideration is allocated across the separately identified deliverables by no longer permitting the residual method of allocating arrangement consideration. The new guidance was effective for the Company prospectively for revenue arrangements entered into or materially modified beginning in the first quarter of fiscal year 2011. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and is not expected to have a material effect on the Company's consolidated financial statements in subsequent periods.

In June 2009, ASC Topic 810 was amended to improve financial reporting by enterprises involved with variable interest entities. This Topic addresses (1) the effects on certain provisions regarding the consolidation of variable interest entities, as a result of the elimination of the qualifying special-purpose entity concept in ASC Topic 860 regarding the accounting for transfers of financial assets, and (2) concern about the application of certain key provisions of FASB Interpretation No. 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. The adoption of this guidance, in fiscal year 2011, did not have an impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted as of September 30, 2011

In June 2011, the FASB issued guidance requiring changes to the presentation of comprehensive income which requires entities to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, which is the method of presentation used by the Company, will no longer be permitted. These changes will have no impact on the calculation and presentation of earnings per share. These changes, with retrospective application, become effective for the Company for interim and annual periods beginning in fiscal year 2013, with early adoption allowed. Other than the change in presentation, these changes will not have an impact on the consolidated financial statements.

In May 2011, the FASB issued additional guidance on fair value measurements that clarifies the application of existing guidance and disclosure requirements, changes certain fair value measurement principles and requires additional disclosures about fair value measurements. The updated guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The adoption of this guidance is not expected to have a material impact on our consolidated financial position, results of operations and cash flows.

In December 2010, the FASB issued ASU 2010-28, "Intangibles – Goodwill and Other (ASC Topic 350)", which amended its existing guidance for goodwill and other intangible assets. This authoritative guidance modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if there are qualitative factors indicating that it is more likely than not that a goodwill impairment exists. The qualitative factors are consistent with the existing guidance which requires goodwill of a reporting unit to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This authoritative guidance becomes effective for the Company in fiscal year 2012. The implementation of this authoritative guidance is not expected to have a material impact on our consolidated financial position, results of operations and cash flows.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment". The amendments under ASU 2011-08 will allow entities to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for entities to consider in conducting the qualitative assessment.

Entities will have the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step quantitative goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 (fiscal 2013 for the Company), and early adoption is permitted. Adoption of ASU 2011-08 is not expected to have a material impact on the Company's financial statements.

2. FAIR VALUE MEASUREMENTS

Financial assets and liabilities, measured at fair value on a recurring basis, are classified on the valuation hierarchy in the table below:

September 30, 2011	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 127,412	$ 127,412	$ --	$ --
Short-term investments	2,964	2,964	--	--
Derivatives	(382)	--	(382)	--
Non-current auction rate securities	3,700	--	--	3,700
Total assets and liabilities at fair value	$ 133,694	$ 130,376	$ (382)	$ 3,700

September 30, 2010	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 110,628	$ 110,628	$ --	$ --
Short-term investments	5,691	5,691	--	--
Derivatives	(43)	--	(43)	--
Non-current auction rate securities	4,950	--	--	4,950
Total assets and liabilities at fair value	$ 121,226	$ 116,319	$ (43)	$ 4,950

The changes in the fair value measurement of investments using significant unobservable inputs (level 3) are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
September 30, 2009	$ 9,350
Settlements	(4,400)
September 30, 2010	$ 4,950
Settlements	(1,250)
September 30, 2011	$ 3,700

3. INVENTORIES

Inventories, net of obsolescence and lower of cost or market reserves, are summarized as follows:

	September 30,	
	2011	2010
Finished goods	$ 26,350	$ 22,518
Work in progress	51,006	36,163
Raw materials and supplies	66,777	50,704
Demo inventory	16,392	14,686
Service parts	28,322	27,688
Total inventories	$188,847	$151,759

4. LONG-TERM INVESTMENTS

Long-term investments include auction rate securities which are variable rate securities tied to short-term interest rates with maturities on the face of the securities in excess of 90 days. Auction rate securities have rate resets through a modified Dutch auction, at predetermined short-term intervals, usually every 7, 28, 35, or 49 days. The securities trade at par, and are callable at par on any payment date at the option of the issuer. Investment earnings paid during a given period are based upon the reset rate determined during the prior auction.

Through sales, the Company reduced its holdings of auction rate securities to approximately $3.7 million at September 30, 2011. All sales were settled, for cash, at par value. At September 30, 2011, the Company held two individual auction rate securities. The Company does not believe that the remaining balance of auction rate securities represent a significant portion of the Company's total liquidity. The Company has historically used a discounted cash flow model to determine the fair market value of these investments. This model included estimates for interest rates, discount rates, the amount of cash flows, and expected holding periods. As a result, the Company concluded that the par value of these investments approximates fair market value. Additionally, the Company has the ability and intent to hold these investments until a resumption of the auction process or until maturity. Although the Company believes these investments will become liquid within the next twelve months, it is uncertain what impact the current economic environment will have on this position and therefore, they have been classified as long-term assets on the consolidated balance sheet.

5. PROPERTY AND EQUIPMENT

Property and equipment include the following:

	September 30,	
	2011	2010
Buildings	$ 37,179	$ 34,273
Technical machinery and equipment	44,434	37,531
Construction in progress	6,372	2,857
Furniture and fixtures	24,081	21,421
Computers and software	8,299	8,506
Leasehold improvements	18,903	16,526
Total property and equipment, at cost	$ 139,268	$ 121,114

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the years ended September 30, 2011 and 2010, are as follows:

	Germany	United States	Rest of World	Total
Balance as of September 30, 2009	$ 46,995	$ 13,240	$ 33,555	$ 93,790
Additional goodwill from acquisitions	--	430	--	430
Currency exchange differences	(2,998)	(225)	(1,201)	(4,424)
Balance as of September 30, 2010	$ 43,997	$ 13,445	$ 32,354	$ 89,796
Additional goodwill from acquisitions	--	--	1,598	1,598
Adjustment to goodwill from final purchase price allocation	--	(125)	--	(125)
Currency exchange differences	(483)	(36)	(250)	(769)
Balance as of September 30, 2011	$ 43,514	$ 13,284	$ 33,702	$90,500

The carrying values of other intangible assets are as follows:

	September 30, 2011		September 30, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Patents	$ 10,627	$ 6,715	$ 10,293	$ 5,983
Customer base	19,142	15,409	16,310	14,842
Other	20,119	15,607	19,275	14,875
Total	$ 49,888	$ 37,731	$ 45,878	$ 35,700

Patents are amortized on a straight-line basis over the life of the patent which ranges from 1 to 20 years. Customer base is amortized on a straight-line basis over seven years. Other intangible assets mainly comprised of software and unpatented technology are amortized on a straight-line basis between 1 and 16 years. Amortization expense for the years ended September 30, 2011, 2010, and 2009, was $2,569, $2,250, and $3,559, respectively. At September 30, 2011, estimated amortization expense for the next five fiscal years based on the average exchange rates as of September 30, 2011, is as follows:

2012	$ 2,700
2013	2,600
2014	2,400
2015	2,100
2016	1,900

7. ACCRUED LIABILITIES

Accrued liabilities are comprised of the following:

	September 30,	
	2011	2010
Employee compensation	$ 25,920	$ 20,814
Warranty reserves	13,197	10,417
Other taxes payable	233	181
Customer deposits	23,647	16,531
Other	20,590	14,221
Total accrued liabilities	$ 83,587	$ 62,164

The Company provides for the estimated costs of product warranties when revenue is recognized. The estimate of costs to fulfill warranty obligations is based on historical experience and expectation of future conditions. The change in warranty reserves for the years ended September 30, 2011 and 2010, are as follows:

Balance at September 30, 2009	$ 8,962
Additional accruals for warranties during the period	5,872
Usage during the period	(3,918)
Currency translation	(499)
Balance at September 30, 2010	$ 10,417
Additional accruals for warranties during the period	7,846
Usage during the period	(4,909)
Currency translation	(157)
Balance at September 30, 2011	$ 13,197

8. LINES OF CREDIT

The Company maintains $20,000 in short-term lines of credit in the U.S. As of September 30, 2011, $20,000 remained unused and available for future use. As of September 30, 2010, $25,000 was available under short-term lines of credit in the U.S.

In addition, the Company's non-U.S. subsidiaries have short-term credit lines amounting to $52,684, which allow them to borrow in the applicable local currency. At September 30, 2011 and 2010, direct borrowings under these agreements totaled $6,487 and $4,081, respectively. Additionally, $10,259 and $3,300 were used for bank guarantees under those lines of credit as of September 30, 2011 and 2010, respectively. The remaining unused portion of the lines of credit at September 30, 2011, was $35,938, in aggregate. Interest rates vary from 0.87% to 2.60%, depending upon the country and the usage made of the available credit.

Furthermore, the Company also maintains credit lines specific to bank guarantees amounting to $6,315 and $13,219 as of September 30, 2011 and 2010, respectively, of which $261 and $2,168 was used as of September 30, 2011 and 2010, respectively.

9. LONG-TERM DEBT

CBL maintains a loan amounting to $4,048. This loan will be repaid evenly over the next four years. The current portion of $1,080 and $1,092 is classified in "Line of credit and short-term borrowings" in the consolidated balance sheet as of September 30, 2011 and 2010, respectively.

LASAG AG maintains a loan amounting to $4,989. This loan will be repaid over the next five years. The current portion of $554 is classified in "Line of credit and short-term borrowings" in the consolidated balance sheet as of September 30, 2011.

In addition, CBL maintains long-term credit facilities of $6,747, which expire in 2013. Corelase Oy maintains long-term credit facilities of $351 which expire in 2013 and $241 which expire in 2014.

As of September 30, 2011, $14,742 was borrowed under such facilities at an average interest rate of 4.02%. As of September 30, 2010, $15,488 was borrowed under such facilities at an average interest rate of 4.52%.

The Company is subject to financial covenants under some of these credit facilities and lines of credit, which could restrict the Company from drawing money under them. At September 30, 2011, the Company was in compliance with these covenants.

10. COMMITMENTS

The Company leases operating facilities and equipment under operating leases, which expire at various dates through 2024. The lease agreements require payment of real estate taxes, insurance, and maintenance expenses by the Company.

Minimum lease payments for future fiscal years under non-cancelable operating leases as of September 30, 2011, are:

Fiscal year ending September 30,	Total
2012	$ 9,550
2013	7,631
2014	5,505
2015	4,182
2016	3,060
2017 and thereafter	9,563

Rent expense charged to operations for the years ended September 30, 2011, 2010, and 2009, approximated $10,169, $9,066, and $8,732, respectively.

Purchase obligations for payments due under various types of agreements to purchase raw materials and other goods as of September 30, 2011, are:

Less than 1 Year	95,357
1 - 3 Years	22,100
3 - 5 Years	960

11. INCOME TAXES

Significant components of the income tax provision are as follows:

	Years ended September 30,		
	2011	2010	2009
Current:			
United States	$ 5,050	$ 247	$ 306
Foreign	24,461	12,799	7,605
Total current	29,511	13,046	7,911
Deferred:			
United States	(3,164)	2,875	(2,596)
Foreign	(277)	(479)	(118)
Total deferred	(3,441)	2,396	(2,714)
Total income tax expense	$ 26,070	$ 15,442	$ 5,197

Income (Loss) before income taxes is attributable to the following geographic regions:

	Years ended September 30,		
	2011	2010	2009
United States	$ 8,443	$ 2,179	$ (11,766)
Germany	59,396	35,019	21,058
France	802	(31)	175
Italy	1,868	950	107
Singapore	1,945	554	298
United Kingdom	7,505	4,656	4,069
China	3,405	1,822	1,282
Japan	565	169	76
Other	3,214	583	(599)
Total income before income taxes	$ 87,143	$ 45,901	$ 14,700

The difference between actual income tax expense and the amount computed by applying the U.S. federal income tax rate is as follows:

	Years ended September 30,		
	2011	2010	2009
U.S. federal statutory tax rate	35%	35%	35%
Computed "expected" tax expense	$ 30,500	$ 16,066	$ 5,145
Difference between U.S. and foreign statutory rates	(4,819)	(2,296)	(1,594)
Other permanent differences	87	402	202
Adjustment of valuation allowance	237	149	456
Change in statutory tax rates	(76)	(112)	(80)
Other	141	1,233	1,068
Actual tax expense	$ 26,070	$ 15,442	$ 5,197

Total income taxes for the years ended September 30, 2011, 2010, and 2009, were allocated as follows:

	Years ended September 30,		
	2011	2010	2009
Income taxes from operations	$ 26,070	$ 15,442	$ 5,197
Stockholders' equity:			
Tax benefit applicable to the exercise of stock options	(136)	(4)	(464)
Tax (benefit) expense applicable to defined benefit pension plan	(2)	(290)	(1,585)
Tax (benefit) expense applicable to the fair value of interest swap agreements	(43)	11	(81)
Total income tax	$ 25,889	$ 15,159	$ 3,067

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of net deferred income taxes are as follows:

	September 30,	
	2011	2010
Deferred income tax assets:		
Foreign		
Net operating loss carryforwards	$ 5,928	$ 4,291
Pension obligations	1,143	1,641
Inventories	5,089	3,992
Accounts payable	100	206
Other	632	780
Total Foreign	12,892	10,910
United States:		
Net operating loss carryforwards	8,998	9,548
Tax credits	122	122
Warranty reserve	826	488
Inventories	5,096	4,219
Allowance for doubtful accounts	367	380
Accrued liabilities	565	724
Pension obligations	966	777
Property & equipment	181	424
Stock-based compensation expense	1,841	1,552
Other	222	269
Total United States	19,184	18,503
Gross deferred income tax assets	32,076	29,413
Less: Valuation allowance	(3,242)	(3,568)
Net deferred income tax assets	$ 28,834	$ 25,845
Deferred income tax liabilities:		
Foreign:		
Property & equipment	(1,358)	(1,418)
Intangibles	(4,091)	(2,843)
Accounts receivable	(206)	(387)
Other	(611)	(311)
Total Foreign	(6,266)	(4,959)
United States:		
Accounts receivable	(4)	--
Other current assets	--	(282)
Non-US earnings	--	--
Total United States	(4)	(282)
Gross deferred income tax liabilities	(6,270)	(5,241)
Net deferred income tax assets	$ 22,564	$ 20,604

The total deferred income tax assets (liabilities) are included in the accompanying consolidated balance sheet as follows:

	September 30,	
	2011	2010
Deferred income tax assets – current	$ 15,625	$ 13,657
Deferred income tax assets – non current	13,711	12,865
Deferred income tax liabilities – current	(991)	(1,722)
Deferred income tax liabilities – non current	(5,781)	(4,196)
Net deferred income tax assets	$ 22,564	$ 20,604

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible, as well as limitations imposed by the relevant taxing jurisdictions on the future benefits of those deductions. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, the relevant statutory and regulatory limitations, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

In its initial purchase price allocation in fiscal 2008, the Company had established a valuation allowance related to net operating loss carryforwards and tax credits at Nufern due to uncertainty regarding the Company's ability to utilize these carryforwards and tax credits. As a result of further analysis of the statutory and regulatory limitations in fiscal 2009 at the federal level, the Company concluded that a portion of these carryforward amounts will be unavailable to the Company. These amounts have been removed from the amount of deferred income tax asset, and have likewise been removed from the related valuation allowance. Furthermore, as a result of analysis of projected future taxable income eligible to be offset by the remaining carryforwards, the Company concluded that a valuation allowance against the remaining federal carryforwards was not required. The adjustment to deferred taxes resulting from this analysis reduced the goodwill recorded as part of the Nufern purchase price allocation, and this analysis was performed as part of the finalization of the Nufern purchase price allocation in fiscal 2009.

At September 30, 2011, the Company had federal net operating tax loss carryforwards available of $16.3 million and state net operating tax loss carryforwards available of $46.0 million in the United States (which start to expire in 2022), $2.3 million in Germany, and $19.8 million in other European countries (which start to expire in 2014). As of September 30, 2011, deferred tax assets, net of valuation allowances related to these operating tax losses and tax credits, amounted to $11.7 million.

We have accumulated undistributed earnings of foreign subsidiaries aggregating approximately $390 million at September 30, 2011. These earnings are expected to be indefinitely reinvested outside of the United States. If those earnings were distributed in the form of dividends or otherwise, they would be subject to United States federal income taxes (subject to an adjustment for foreign tax credits), state income taxes and withholding taxes payable to the various foreign countries. It is not currently practicable to estimate the tax liability that might be payable on the repatriation of these foreign earnings.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as interest expense and SG&A, respectively. The Company classified the unrecognized tax benefit as non-current because payment is not anticipated within one year of the balance sheet date. As of September 30, 2011, the Company's gross unrecognized tax benefits totaled $0.8 million, which includes approximately $0.1 million of interest and penalties. Approximately $0.7 million of unrecognized tax benefits would impact the effective tax rate, if recognized. The Company estimates that the unrecognized tax benefits will not change significantly within the next year.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, excluding the related accrual for interest, is as follows:

Balance at September 30, 2008	$676
Increases in tax positions for prior years	--
Increases in tax positions for current years	--
Settlements with taxing authorities	(39)
Balance at September 30, 2009	637
Increases in tax positions for prior years	(22)
Increases in tax positions for current years	--
Settlements with taxing authorities	--
Balance at September 30, 2010	615
Decreases in tax positions for prior years	(3)
Increases in tax positions for current years	250
Settlements with taxing authorities	(34)
Balance at September 30, 2011	$ 828

The Company files federal and state income tax returns in several domestic and foreign jurisdictions. In most tax jurisdictions, returns are subject to examination by the relevant tax authorities for a number of years after the returns have been filed. With limited exceptions, the Company is no longer subject to examination by the United States Internal Revenue Service for years through 2005. With respect to state and local tax jurisdictions and countries outside the United States, with limited exceptions, the Company is no longer subject to income tax audits for years before 2005.

12. EMPLOYEE BENEFIT PLANS

The Company has defined benefit pension plans for the RSL, RBE and RS Inc. employees. The Company's U.S. plan began in fiscal year 1995 and is funded. Any new employees hired after January 1, 2005, are not eligible for the RS Inc. pension plan. As is the normal practice with German companies, the German pension plan is unfunded. Any new employees, hired after the acquisition of CBL, are not eligible for the RSL pension plan. The Company's Spanish plan began in fiscal year 2009 and is funded. The measurement date of the Company's pension plans is September 30.

The determination of the Company's obligation and expense for pension is dependent on the selection of certain actuarial assumptions in calculating those amounts. Assumptions are made about interest rates, expected investment return on plan assets, total turnover rates, and rates of future compensation increases. In addition, the Company's actuarial consultants use subjective factors such as withdrawal rates and mortality rates to develop their calculations of these amounts. The Company generally reviews these assumptions at the beginning of each fiscal year. The Company is required to consider current market conditions, including changes in interest rates, in making these assumptions. The actuarial assumptions that the Company uses may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact on the amount of pension benefits expense the Company has recorded or may record.

The discount rate enables the Company to state expected future cash flows at a present value on the measurement date. The Company has little latitude in selecting this rate and it must represent the market rate of high-quality fixed income investments. A lower discount rate increases the present value of benefit obligations and increases pension expense.

To determine the expected long-term rate of return on plan assets, the Company considers the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets.

The following table sets forth the funded status of the plans at the balance sheet dates:

	September 30,	
	2011	2010
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 25,008	$ 23,055
Service cost	795	811
Interest cost	1,206	1,201
Actuarial losses (gains)	(882)	1,366
Foreign exchange rate impacts	(119)	(967)
Benefits paid – total	(480)	(458)
Projected benefit obligation at end of year	25,528	25,008
Change in plan assets:		
Fair value of plan assets at beginning of year	6,547	5,659
Actual return on plan assets	(114)	570
Employer contributions	1,409	510
Foreign exchange rate impacts	--	(2)
Benefits paid – funded plans	(219)	(190)
Fair value of plan assets at end of year	7,623	6,547
Funded status at end of year	$ (17,905)*	$ (18,461)*

Amounts recognized in the consolidated balance sheet		
Accrued benefit liability	$ (17,905)	$ (18,461)
Accumulated other comprehensive loss (pre-tax)	4,323	4,740
Net amount recognized	$ (13,582)	$ (13,721)

*$356 and $298 relate to expected payments in the following twelve months for the Company's unfunded non-US plans and are therefore classified in current "Accrued liabilities" in the consolidated balance sheet as of September 30, 2011 and 2010, respectively.

The accumulated benefit obligation for defined benefit pension plans was $23,408 and $22,733 at September 30, 2011 and 2010, respectively.

	September 30,	
	2011	2010
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	$ 25,528	$ 25,008
Accumulated benefit obligation	23,408	22,733
Fair value of plan assets	7,623	6,547
Components of net periodic benefit cost and other amounts recognized in other comprehensive income		
Net periodic benefit cost		
Service Cost	$ 795	$ 811
Interest Cost	1,206	1,201
Expected return on plan assets	(511)	(459)
Amortization of net loss	160	140
Net periodic benefit cost	$ 1,650	$ 1,693
Other changes in plan assets and benefit obligations recognized in other comprehensive income (pre-tax)		
Net loss (gain)	(417)	1,115
Total recognized in other comprehensive income	$ (417)	$ 1,115
Total recognized in net periodic benefit cost and other comprehensive income	$ 1,233	$ 2,808

The assumptions used in the valuation of the plan are as follows:

	September 30,	
	2011	2010
Discount rate:		
United States	5.50%	5.50%
Foreign	5.10%	4.60%
Expected return on plan assets		
United States	7.75%	7.75%
Foreign	3.75%	3.75%
Rate of compensation increase		
United States	3.0%	3.0%
Foreign	3.0%	3.0%

The Company recognizes the over (under) funded status of the defined benefit plans in the statement of financial position. The Company also recognizes, in other comprehensive income, certain gains and losses that arise during the period but are deferred under current pension accounting rules.

Expected benefit payments for each of the next five fiscal years and for the five years aggregated thereafter is as follows: $616 in 2012, $870 in 2013, $843 in 2014, $888 in 2015, $943 in 2016, and $6,653 thereafter.

The Company's pension plan asset allocations at September 30, 2011 and 2010, by asset category are as follows:

	2011			2010	
	Dollar Value	Percentage	Target Allocation	Dollar Value	Percentage
Certificates of Deposit	$ 370	5 %	5 %	$ 359	6 %
Equity Securities	3,746	49 %	50 %	3,016	46 %
Debt Securities	3,507	46 %	45 %	3,172	48 %
Total Plan Assets	$ 7,623	100 %	100 %	$ 6,547	100 %

The Company employs a total return investment approach whereby a mix of equity, debt securities, and government securities are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by maximizing investment returns within that prudent level of risk. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks as well as growth, value, and small and large capitalizations. Additionally, cash balances are maintained at levels adequate to meet near-term plan expenses and benefit payments. Investment risk is measured and monitored on an ongoing basis through semi-annual investment portfolio reviews.

Investments in our defined benefit plan are stated at fair value. Level 1 assets are valued using quoted market prices that represent the asset value of the shares held by the trusts. The level 2 assets are investments in pooled funds, which are valued using a model to reflect the valuation of their underlying assets that are publicly traded with observable values. The fair value of our level 3 postretirement benefit plan assets are measured by compiling the portfolio holdings and independently valuing the securities in those portfolios.

The fair values of our pension plan assets, by level within the fair value hierarchy, as of September 30, 2011, are as follows:

Asset Categories	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ --	$ 370	$ --	$ 370
Equity Securities				
Small Cap	--	167	--	167
Mid Cap	--	351	--	351
Large Cap	--	1,927	--	1,927
Total Market Stock	--	--	--	--
International	--	1,086	--	1,086
Emerging Markets	--	215	--	215
Debt Securities				
Bonds & Mortgages	--	2,421	--	2,421
Inflation Protected	--	387	--	387
High Yield	--	381	--	381
Money Market	--	281	--	281
Other	--	37	--	37
Total Plan Assets	$ --	$ 7,623	$ --	$ 7,623

The fair values of our pension plan assets, by level within the fair value hierarchy, as of September 30, 2010, are as follows:

Asset Categories	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ --	$ 359	$ --	$ 359
Equity Securities				
Small Cap	--	123	--	123
Mid Cap	--	269	--	269
Large Cap	--	960	--	960
Total Market Stock	--	583	--	583
International	--	917	--	917
Emerging Markets	--	164	--	164
Debt Securities				
Bonds & Mortgages	--	2,295	--	2,295
Inflation Protected	--	325	--	325
High Yield	--	323	--	323
Money Market	--	200	--	200
Other	--	29	--	29
Total Plan Assets	$ --	$ 6,547	$ --	$ 6,547

RS Inc., RB Inc., PRC, Lee Laser, Rofin-Baasel Canada Ltd., Dilas Diodelaser Inc., and Nufern have 401(k) plans for the benefit of all eligible U.S. employees, as defined by the plan. Participating employees may contribute up to 16% of their qualified annual compensation. Those subsidiaries match 50% of the first 5 to 6% of the employees' compensation contributed as a salary deferral. Company contributions for the years ended September 30, 2011, 2010, and 2009, were $493, $402, and $334, respectively.

13. EARNINGS PER COMMON SHARE

The calculation of the weighted average number of common shares outstanding for each period is as follows:

	Years ended September 30,		
	2011	2010	2009
Weighted number of shares for basic earnings per common share	28,440,185	28,807,130	28,911,559
Potential additional shares due to outstanding dilutive stock options	664,760	404,720	282,212
Weighted number of shares for diluted earnings per common share	29,104,945	29,211,850	29,193,771

The weighted-average diluted shares outstanding for the years ended September 30, 2011, 2010, and 2009, excludes the dilutive effect of approximately 0.7 million, 1.6 million, and1.8 million stock options, respectively, since the impact of including these options in diluted earnings per share for these years was antidilutive.

14. RELATED PARTY TRANSACTIONS

The Company had sales to its minority shareholder in Japan amounting to $832, $584, and $1,352, in fiscal years 2011, 2010, and 2009, respectively. The Company had no purchases from its minority shareholder in Japan in fiscal year 2011, while in fiscal year 2010 $48 was purchased. As of September 30, 2011 and 2010, the accounts receivable with the minority shareholder in Japan amounted to $367 and $294, respectively.

The Company maintains other accounts payable to related party in China amounting to $943 as of September 30, 2011.

The Company has accrued $342 at September 30, 2011, for the put/call option to purchase the remaining interests in m2k and $76 was capitalized for accumulated interest as of September 30, 2011. In fiscal year 2011, the Company had expenses of $444, compared to $573 in fiscal year 2010, mainly for purchases of materials and services, to the minority shareholder of m2k.

The main facility in Starnberg is rented under a 25-year operating lease from the former minority shareholder of CBL, Mr. Baasel, who is also a member of the Board of Directors of the Company, and includes a clause to terminate the lease upon two-year notice. The Company paid expenses, mainly for rental expense of $911, $871, and $902, to Mr. Baasel during fiscal years 2011, 2010, and 2009, respectively.

15. GEOGRAPHIC INFORMATION

Assets, revenues, and income before taxes, by geographic region attributed based on the geographic location of the RSTI entities are summarized below:

ASSETS

	September 30,	
	2011	2010
North America	$ 222,677	$ 209,677
Germany	428,561	367,855
Other	287,187	231,809
Intercompany eliminations	(284,479)	(251,149)
Total assets	$ 653,946	$ 558,192

PROPERTY AND EQUIPMENT, NET

	September 30,	
	2011	2010
North America	$ 12,197	$ 11,714
Germany	38,968	33,752
Other	14,423	7,234
Intercompany eliminations	(34)	(49)
Total long-lived assets	$ 65,554	$ 52,651

REVENUES - TOTAL BUSINESS

	Years ended September 30,		
	2011	2010	2009
North America	$ 169,513	$ 113,186	$ 89,203
Germany	426,424	306,739	244,025
Other	231,218	158,864	131,322
Intercompany eliminations	(229,392)	(155,219)	(114,971)
	$ 597,763	$ 423,570	$ 349,579

INTERCOMPANY REVENUES

	Years ended September 30,		
	2011	2010	2009
North America	$ 13,545	$ 6,514	$ 4,106
Germany	163,251	115,000	86,639
Other	52,596	33,705	24,226
Intercompany eliminations	(229,392)	(155,219)	(114,971)
	$ --	$ --	$ --

EXTERNAL REVENUES

	Years ended September 30,		
	2011	2010	2009
North America	$ 155,968	$ 106,672	$ 85,097
Germany	263,173	191,739	157,386
Other	178,622	125,159	107,096
	$ 597,763	$ 423,570	$ 349,579

INCOME BEFORE INCOME TAXES

	Years ended September 30,		
	2011	2010	2009
North America	$ 8,664	$ 2,414	$ (11,809)
Germany	59,396	35,019	21,058
Other	19,083	8,468	5,451
	$ 87,143	$ 45,901	$ 14,700

16. ENTERPRISE WIDE INFORMATION

The Company derives revenues from the sale and servicing of laser products used for macro applications, from the sale and servicing of laser products for marking and micro applications, and from the sale of components products. Product sales are summarized below:

	September 30,		
Product Category	2011	2010	2009
Laser macro products	$ 237,449	$ 172,877	$ 140,362
Laser marking and micro products	302,330	206,535	168,131
Components	57,984	44,158	41,086
	$ 597,763	$ 423,570	$ 349,579

17. SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

The following represents the Company's quarterly results (millions of dollars, except per share amounts):

	Quarters ended			
	Dec. 31, 2010	March 31, 2011	June 30, 2011	Sept. 30, 2011
Net sales	$137.1	$136.2	$154.9	$169.5
Gross profit	56.4	54.8	60.7	60.3
Net income	15.1	12.8	15.5	17.7
Net income attributable to RSTI	14.9	12.7	15.2	17.2
Earnings per share – Basic	0.52	0.45	0.54	0.60
Earnings per share – Diluted	0.51	0.43	0.52	0.60

	Quarters ended			
	Dec. 31, 2009	March 31, 2010	June 30, 2010	Sept. 30, 2010
Net sales	$ 93.0	$ 95.9	$ 110.3	$ 124.4
Gross profit	35.9	37.2	42.9	50.3
Net income	3.7	4.7	9.8	12.2
Net income attributable to RSTI	3.6	4.7	9.7	11.9
Earnings per share – Basic	0.12	0.16	0.34	0.42
Earnings per share – Diluted	0.12	0.16	0.33	0.42

18. TREASURY STOCK

On May 5, 2010, the Board of Directors authorized the Company to initiate a share buyback of up to $30.0 million of the Company's common stock over twelve months, subject to market conditions, through purchases from time to time in open market transactions or privately negotiated transactions at the Company's discretion, including the quantity, timing and price thereof. Through September 30, 2011, the Company has purchased approximately 1.1 million shares of common stock, at an average price of $25.96, under the stock buyback program for a total price of $28.2 million.

19. STOCK INCENTIVE PLANS

Effective March 16, 2011, the stockholders approved an amendment to the Rofin-Sinar Technologies Inc. 2007 Incentive Stock Plan (“the 2007 Incentive Plan”) that increases the number of shares reserved for issuance from 1,600,000 to 3,100,000 shares. The 2007 Incentive Plan supersedes the Rofin-Sinar Technologies Inc. 1996 Non-Employee Directors’ Stock Plan and the Rofin-Sinar Technologies Inc. 2002 Equity Incentive Plan. Under the 2007 Incentive Plan, the Company has reserved shares of common stock to provide for the grant of options to purchase common stock (“options”), grants of shares of common stock (“stock grants”), stock units, and stock appreciation rights (“SARs”) to certain eligible employees and to outside directors. There were no incentive stock options, restricted stock or performance shares granted in fiscal years 2011 or 2010, under this Plan. Non-qualified stock options were granted to officers and other key employees in fiscal years 2011 and 2010. During fiscal year 2011, outside directors each received 3,000 shares of common stock and 340,250 non-qualified stock options were granted to officers and other key employees. The terms of these issuances are the same as those described below.

Directors’ Plan

The Company had reserved 100,000 shares of common stock for the Directors’ Plan, which covered non-employee members of the Board of Directors. Under this plan each member of the Board of Directors who was not an employee of the Company and who was elected or continued as a member of the Board of Directors was entitled to receive an initial grant of 1,500 shares of common stock and thereafter an annual grant of 1,500 shares of common stock. The Directors’ Plan also provided that non-employee directors aged 65 or older, upon their appointment or election to the Board of Directors, will receive, in lieu of such initial and annual grants of shares of common stock, 7,500 shares of restricted stock which shall vest in five equal installments from the date of grant and each of the following four anniversaries thereof. Prior to vesting, no shares of restricted stock may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of, subject to certain exceptions. The Company records compensation expense based on the fair market value of the common stock, as determined by the closing price at the date of issuance. A total of 40,500 shares are issued and outstanding under the plan at September 30, 2010. This plan was superseded by the 2007 Incentive Plan, as discussed above.

Equity Incentive Plan

The Company also maintained the previous Equity Incentive Plans, whereby incentive and non-qualified stock options, restricted stock and performance shares were granted to officers and other key employees to purchase a specified number of shares of common stock at a price not less than the fair market value on the date of grant.

The term of the Equity Incentive Plans continues through 2011. Options generally vest over five years and expire not later than ten years after the date on which they are granted. These plans were superseded by the 2007 Incentive Plan, as discussed above.

The fair value of our stock options was estimated based on the date of grant using the Black-Scholes option pricing model. The following assumptions were used in these calculations:

	September 30,		
	2011 Grants	2010 Grants	2009 Grants
Weighted average grant date fair value	$ 15.48	$ 10.42	$ 6.87
Expected life	5 Years	5 Years	5 Years
Volatility	46.12%	47.23%	50.3%
Risk-free interest rate	2.01%	2.52%	1.65%
Dividend yield	0%	0%	0%
Annual forfeiture rate	2%	2%	2%

For purposes of the Black Scholes model, the Company uses historical data to estimate the expected life, volatility, and estimated forfeitures of an option. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

The balance of outstanding stock options and all options activity for the three-year period ended September 30, 2011, are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Millions)
Outstanding at September 30, 2008	2,567,300	$ 23 2/9	7.13	
Granted	306,250	$ 15		
Exercised	(11,200)	$ 15 3/4		
Forfeited	(5,800)	$ 17 2/3		
Outstanding at September 30, 2009	2,856,550	$ 22 2/5	6.50	
Granted	317,750	$ 22 5/6		
Exercised	(190,100)	$ 15 7/8		
Forfeited	(21,000)	$ 28		
Outstanding at September 30, 2010	2,963,200	$ 22 4/5	6.02	
Granted	340,250	$ 35 1/5		
Exercised	(440,600)	$ 16 2/8		
Forfeited	(15,400)	$ 29 3/7		
Outstanding at September 30, 2011	2,847,450	$ 25 2/7	5.83	$ 4.2
Exercisable at September 30, 2011	1,834,550	$ 23 4/7	4.62	$ 3.5

As of September 30, 2011, there was $10.4 million of total unrecognized compensation cost related to stock options. These costs are expected to be recognized over a weighted average period of 3.26 years. The total fair value of shares vested during the years ended September 30, 2011, 2010, and 2009, was $5.6 million, $5.9 million, and $5.1 million, respectively.

	Years ended September 30,		
	2011	2010	2009
Total intrinsic value of stock options exercised	$ 7.8	$ 1.5	$ 0.1

Cash received from stock option exercises for the years ended September 30, 2011, 2010, and 2009, was $7.2 million, $3.0 million, and $0.2 million, respectively.

SCHEDULE II

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
Valuation and Qualifying Accounts - Allowance for Doubtful Accounts
Years ended September 30, 2011, 2010, and 2009
(dollars in thousands)

	Balance at Beginning of Period	Acquired Reserve	Additions-Charged to Costs and Expenses	(Deductions)	Balance at End of Period
September 30, 2009	$ 3,647	$ 7	$ 1,004	$ (1,125)	$ 3,533
September 30, 2010	$ 3,533	$ --	$ 422	$ (935)	$ 3,020
September 30, 2011	$ 3,020	$ 63	$ 1,623	$ (1,013)	$ 3,693

Allowance for Inventory Reserve
Years ended September 30, 2011, 2010, and 2009
(dollars in thousands)

	Balance at Beginning of Period	Acquired Reserve	Additions	Usage for Disposals and Scrap	Balance at End of Period
September 30, 2009	$ 17,720	$ --	$ 4,844	$ (3,688)	$ 18,876
September 30, 2010	$ 18,876	---	$ 5,413	$ (4,344)	$ 19,945
September 30, 2011	$ 19,945	$ 3,548	$ 7,051	$ (5,252)	$ 25,292

INDEX TO EXHIBITS

Exhibit No.	Exhibit
3.2	By-Laws of the Company
21.1	List of Subsidiaries of the Registrant
23.1	Consent of Deloitte & Touche, LLP Independent Registered Public Accounting Firm,
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1356 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 3.2

BY-LAWS

OF

ROFIN-SINAR TECHNOLOGIES INC.

ARTICLE I

OFFICES

SECTION 1. Registered Office in Delaware. The address of the registered office of Rofin-Sinar Technologies Inc. (hereinafter called the "Corporation") in the State of Delaware shall be The Corporation Trust Company, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801, and the registered agent in charge thereof shall be The Corporation Trust Company.

SECTION 2. Other Offices. The Corporation may have an office or offices at any other place or places within or without the State of Delaware.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such place within or without the State of Delaware, and at such date and hour, as shall be designated by the Board of Directors of the Corporation (the "Board") and set forth in the notice or in a duly executed waiver of notice thereof.

SECTION 2. Special Meetings. A special meeting of the stockholders for any purpose or purposes may be called at any time by a majority of the members of the Board or the Chairman of the Board of the corporation. A special meeting of stockholders of the Corporation may not be called by any other person or persons. Any such meeting shall be held at such place within or without the State of Delaware, and at such date and hour, as shall be designated in the notice or in a duly executed waiver of notice of such meeting.

Only such business as is stated in the written notice of a special meeting may be acted upon thereat.

SECTION 3. Notice of Meetings. Except as otherwise provided by law, written notice of each annual or special meeting of stockholders stating the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is held, shall be given personally or by first class mail to each stockholder entitled to vote at such meeting, not less than 10 nor more than 60 calendar days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. If, prior to the time of mailing, the Secretary shall have received from any stockholder entitled to vote a written request that notices intended for such stockholder are to be mailed to an address other than the address that appears on the records of the Corporation, notices intended for such stockholder shall be mailed to the address designated in such request.

Notice of a special meeting may be given by the person or persons calling the meeting, or, upon the written request of such person or persons, by the Secretary of the Corporation on behalf of such person or persons. If the person or persons calling a special meeting of stockholders give notice thereof, such person or persons shall forward a copy thereof to the Secretary. Every request to the Secretary for the giving of notice of a special meeting of stockholders shall state the purpose or purposes of such meeting.

SECTION 4. Waiver of Notice. Notice of any annual or special meeting of stockholders need not be given to any stockholder entitled to vote at such meeting who files a written waiver of notice with the Secretary, duly executed by the person entitled to notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any meeting of stockholders need be specified in any written waiver of notice. Attendance of a stockholder at a meeting, in person or by proxy, shall constitute a waiver of notice of such meeting, except as provided by law.

SECTION 5. Adjournments. When a meeting is adjourned to another date, hour or place, notice need not be given of the adjourned meeting if the date, hour and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting. At the adjourned meeting any business may be transacted which might have been transacted at the original meeting.

When any meeting is convened the presiding officer, if directed by the Board, may adjourn the meeting if (a) no quorum is present for the transaction of business, or (b) the Board determines that adjournment is necessary or appropriate to enable the stockholders (i) to consider fully information which the Board determines has not been made sufficiently or timely available to stockholders or (ii) otherwise to exercise effectively their voting rights.

SECTION 6. Quorum. Except as otherwise provided by law or the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), whenever a class of stock of the Corporation is entitled to vote as a separate class, or whenever classes of stock of the Corporation are entitled to vote together as a single class, on any matter brought before any meeting of the stockholders, whether annual or special, holders of shares entitled to cast one-third of the votes entitled to be cast by all the holders of the shares of stock of such class voting as a separate class, or classes voting together as a single class, as the case may be, outstanding and entitled to vote thereat, present in person or by proxy, shall constitute a quorum at any such meeting of the stockholders. If, however, such quorum shall not be present or represented at any such meeting of the stockholders, the stockholders entitled to vote thereat may adjourn the meeting from time to time in accordance with Section 5 of this Article II until a quorum shall be present or represented.

SECTION 7. Voting. Unless otherwise provided in the Certificate of Incorporation, each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of capital stock entitled to vote thereat held by such stockholder. Except as otherwise provided by law or the Certificate of Incorporation or these By-Laws, when a quorum is present with respect to any matter brought before any meeting of the stockholders, the vote of the holders of shares entitled to cast a majority of the votes entitled to be cast by all the holders of the shares constituting such quorum shall decide any such matter. Votes need not be by written ballot, unless the Board, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, requires any vote or votes cast at such meeting to be cast by written ballot.

SECTION 8. Action by Consent. Any action may be taken by written consent in lieu of a meeting of shareholders upon the consent of the holders of 100% of the outstanding shares of the Corporation.

SECTION 9. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such proxy shall be filed with the Secretary before such meeting of stockholders at such time as the Board may require. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

SECTION 10. Advance Notice of Business to Be Transacted at Annual Meetings.

(a) To be properly brought before the annual meeting of stockholders, business must be either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise properly brought before the meeting by or at the direction of the Board (or any duly authorized committee thereof), or (iii) otherwise properly brought before the meeting by any stockholder of the Corporation (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 10 and on the record date for the determination of stockholders entitled to vote at such meeting and (B) who complies with the notice procedures set forth in this Section 10. In addition to any other applicable requirements, including but not limited to the requirements of Rule 14a-8 promulgated by the Securities and Exchange Commission under the Exchange Act, for business to be properly brought before an

annual meeting by a stockholder pursuant to clause (iii) of this Section 10(a), such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

(b) To be timely, a stockholder's notice to the Secretary pursuant to clause (iii) of Section 10(a) must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting is mailed or such public disclosure of the date of the annual meeting is made, whichever first occurs.

(c) To be in proper written form, a stockholder's notice to the Secretary pursuant to clause (iii) of Section 10(a) must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, together with evidence reasonably satisfactory to the Secretary of such beneficial ownership, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

(d) Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at the annual meeting of stockholders except business brought before such meeting in accordance with the procedures set forth in this Section 10; provided, however, that, once business has been properly brought before such meeting in accordance with such procedures, nothing in this Section 10 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of such meeting determines that business was not properly brought before the meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. General Powers. The property, business and affairs of the Corporation shall be managed by the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

SECTION 2. Number and Term of Holding Office. Subject to the rights, if any, of holders of preferred stock of the Corporation, the number of directors which shall constitute the whole Board shall consist of not less than three nor more than ten members, with the exact number of directors initially to be equal to six and thereafter to be fixed by the Board from time to time by a majority of the whole Board. The Board shall, by resolution passed by a majority of the Board, designate the directors to serve as initial Class I, Class II and Class III directors upon filing of the Certificate of Incorporation with the Secretary of State of the State of Delaware. Except as provided in Section 4 of this Article III, directors shall be elected by a plurality of the votes cast at annual meetings of stockholders, and each director so elected shall hold office as provided by Article VIII of the Certificate of Incorporation. None of the directors need be stockholders of the Corporation. Other than William Hoover and Ralph Reins, directors may not stand for re-election after reaching age 70.

SECTION 3. Nomination of Directors and Advance Notice Thereof. (a)Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (i) by or at the direction of the Board (or any duly authorized committee thereof) or (ii) by any stockholder of the Corporation (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 3 and on the record date

for the determination of stockholders entitled to vote at such meeting and (B) who complies with the notice procedures set forth in this Section 3. In addition to any other applicable requirements, for a nomination to be made by a stockholder pursuant to clause (ii) of this Section 3(a), such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

(b) To be timely, a stockholder's notice to the Secretary pursuant to clause (ii) of Section 3(a) must be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting is mailed or such public disclosure of the date of the annual meeting is made, whichever first occurs, or (ii) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting is mailed or public disclosure of the date of the special meeting is made, whichever first occurs.

(c) To be in proper written form, a stockholder's notice to the Secretary pursuant to clause (ii) of Section 3(a) must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director, (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (ii) as to the stockholder giving the notice, (A) the name and record address of such stockholder, (B) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, together with evidence reasonably satisfactory to the Secretary of such beneficial ownership, (C) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (D) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3. If the chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman of the meeting shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

SECTION 4. Resignation. Any director may resign at any time by giving written notice to the Board, the Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, then it shall take effect when accepted by action of the Board. Except as aforesaid, acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. Vacancies. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any vacancy in the Board, arising from death, resignation, removal, an increase in the number of directors or any other cause, may be filled only by the Board, the stockholders acting at an annual meeting or, if the vacancy is with respect to a director elected by a voting group, by action of any other directors elected by such voting group or such voting group. Any director elected to fill a vacancy shall hold office for a term that shall coincide with the term of the class to which such director shall have been elected.

SECTION 6. Meetings. (a) Annual Meetings. As soon as practicable after each annual election of directors, the Board shall meet for the purpose of organization and the transaction of other business, unless it shall have transacted all such business by written consent pursuant to Section 7 of this Article III.

(b) Other Meetings. Other meetings of the Board shall be held at such times as the Board shall from time to time determine or upon call by the Chairman of the Board, the Chief Executive Officer, the President or any two directors.

(c) Notice of Meetings. Regular meetings of the Board may be held without notice. The Secretary of the Corporation shall give notice to each director of each special meeting, including the time and place of such special meeting. Notice of each such meeting shall be given to each director either by mail, at least two days before the day on which such meeting is to be held, or by telephone, telegram, facsimile, telex or cable not later than the day before the day on which such meeting is to be held or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Notice of any meeting shall not be required to be given to any director who shall attend such meeting. A waiver of notice by the person entitled thereto, whether before or after the time of any such meeting, shall be deemed equivalent to adequate notice.

(d) Place of Meetings. The Board may hold its meetings at such place or places within or without the State of Delaware as the Board may from time to time by resolution determine or as shall be designated in the respective notices or waivers of notice thereof.

(e) Quorum and Manner of Acting. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, a majority of the total number of directors then in office shall be necessary at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and the affirmative vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present thereat. Notice of any adjourned meeting need not be given.

(f) Organization and Order of Business. The Chairman of the Board shall act as chairman of each meeting of the Board and preside thereat, or, in the absence of the Chairman of the Board at any meeting of the Board, the Chief Executive Officer shall act as chairman of such meeting and preside thereat, or, in the absence of both the Chairman of the Board and the Chief Executive Officer at any meeting of the Board, any other director chosen by a majority of the directors present thereat shall act as chairman of the meeting and preside thereat. The Secretary of the Corporation or, in the case of his absence, any person whom the chairman of the meeting shall appoint, shall act as secretary of such meeting and keep the minutes thereof.

SECTION 7. Action by Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent or consents thereto is signed by all members of the Board or such committee, as the case may be, and such written consent or consents are filed with the minutes of the proceedings of the Board or such committee.

SECTION 8. Meetings by Conference Telephone, etc. Any one or more members of the Board, or of any committee thereof, may participate in a meeting of the Board, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

SECTION 9. Compensation. Each director, in consideration of his serving as such, shall be entitled to receive from the Corporation such amount per annum, if any, or such fees, if any, for attendance at meetings of the Board or of any committee thereof, or both, as the Board shall from time to time determine. The Board may likewise provide that the Corporation shall reimburse each director or member of a committee for any expenses incurred by him on account of his attendance at any such meeting. Nothing contained in this Section 8 shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

COMMITTEES

The Board, by resolution passed by a majority of the whole Board, may designate members of the Board to constitute one or more committees which shall in each case consist of such number of directors, not fewer than two, and, to the extent permitted by law and provided in the resolution establishing such committee, shall have and exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified members at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member. A majority of all the members of any such committee may fix its rules of procedure, determine its action and fix the time and place, whether within or without the State of Delaware, of its meetings and specify what notice thereof, if any, shall be given, unless the Board shall otherwise by resolution provide. The Board shall have power to change the members of any such committee at any time, to fill vacancies therein and to discharge any such committee, either with or without cause, at any time. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board when required.

ARTICLE V

OFFICERS

SECTION 1. Executive Officers. The officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Treasurer and a Secretary. Each such officer shall be elected or appointed by the Board at its annual meeting and shall hold office for such term as may be determined by the Board. Each such officer shall hold office until the next succeeding annual meeting of the Board and until his successor is elected or until his earlier death or resignation or removal in the manner hereinafter provided. Any two or more offices may be held by the same person. Officers need not be directors or stockholders of the Corporation.

The Board may elect or appoint such other officers of the Corporation (including one or more Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries) as it deems necessary who shall have such authority and shall perform such duties as the Board may prescribe. If additional officers are elected or appointed, each of them shall hold office until his successor is elected or appointed or until his earlier death or resignation or removal in the manner hereinafter provided.

SECTION 2. Authority and Duties. All officers, as between themselves and the Corporation, shall have such authority and perform such duties in the management of the Corporation as may be provided in these By-Laws or, to the extent not so provided, by resolution of the Board.

SECTION 3. Resignation and Removal. (a) Any officer may resign at any time by giving written notice to the Board, the Chief Executive Officer or the Secretary of the Corporation, and such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, when accepted by action of the Board. Except as aforesaid, the acceptance of such resignation shall not be necessary to make it effective.

(b) All officers and agents elected or appointed by the Board shall be subject to removal at any time by the Board with or without cause.

SECTION 4. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term in the same manner as provided for election and appointment to such office.

SECTION 5. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board and at all meetings of the stockholders and shall have and exercise such further powers and duties as may from time to time be conferred upon or assigned to him by the Board.

SECTION 6. Chief Executive Officer. The Chief Executive Officer of the Corporation, subject to the direction of the Board, shall have general charge of the business and affairs of the Corporation, shall have the direction of all other officers, agents and employees of the Corporation and may assign such duties to the other officers of the Corporation as he deems appropriate.

SECTION 7. President. The President of the Corporation, subject to the direction of the Chief Executive Officer, shall have charge of the day-to- day operations of the Corporation, shall assist the Chief Executive Officer in carrying out the orders and resolutions of the Board and shall perform such other duties as the Chief Executive Officer or the Board shall from time to time assign. At the request of the Chief Executive Officer, or in case of the absence or inability to act of the Chief Executive Officer, the President, until otherwise determined, and subject to any limitations imposed by the Board, shall assume the duties of the Chief Executive Officer and, when so acting, but subject to the foregoing, shall have all of the powers of, and be subject to all the restrictions upon, the Chief Executive Officer.

SECTION 8. Vice Presidents. Each Vice President of the Corporation shall have such powers and perform such duties as the Chief Executive Officer or the Board may from time to time prescribe and shall perform such other duties as may be prescribed by these By-laws.

SECTION 9. Treasurer. The Treasurer of the Corporation shall have charge and custody of and be responsible for all funds and securities of the Corporation.

SECTION 10. Secretary. The Secretary of the Corporation shall keep the records of all meetings of the stockholders and the Board. He shall affix the seal of the Corporation to all deeds, contracts, bonds or other instruments requiring the corporate seal when the same shall have been signed on behalf of the Corporation by a duly authorized officer and shall be the custodian of all contracts, deeds, documents and all other indicia of title to properties owned by the Corporation and of its other corporate records.

ARTICLE VI

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

SECTION 1. Execution of Documents. Any officer, employee or agent of the Corporation designated by the Board (or any duly authorized committee of the Board to the extent permitted by law) shall have power to execute and deliver deeds, contracts, mortgages, bonds, debentures, checks, drafts and other orders for the payment of money and other documents for and in the name of the Corporation, and the Board (or such a committee) may authorize any such officer, employee or agent to delegate such power (including authority to redelegate) by written instrument to other officers, employees or agents of the Corporation.

SECTION 2. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board or the Chief Executive Officer or any other officer of the Corporation to whom power in that respect shall have been delegated by the Board shall select.

SECTION 3. Proxies in Respect of Stock or Other Securities of Other Corporations. The Board or the Chief Executive Officer shall designate the officers of the Corporation who shall have authority from time to time to appoint an agent or agents of the Corporation to exercise in the name and on behalf of the Corporation the powers and rights that the Corporation may have as the holder of stock or other securities in any other corporation, and to vote or consent in respect of such stock or securities. Such designated officers may instruct the person or persons so appointed as to the manner of exercising such powers and rights, and such designated officers may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, powers of attorney or other instruments as they may deem necessary or proper in order that the Corporation may exercise such powers and rights.

ARTICLE VII

SHARES AND TRANSFER OF SHARES

SECTION 1. Certificates of Stock. Every owner of shares of stock of the Corporation shall be entitled to have a certificate evidencing the number of shares of stock of the Corporation owned by him or it and designating the class of stock to which such shares belong, which shall otherwise be in such form as the Board shall prescribe. Each such certificate shall bear the signature (or a facsimile thereof) of the Chairman of the Board or the Chief Executive Officer or the President or a Vice President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation.

SECTION 2. Record. A record shall be kept of the name of the person, firm or corporation owning the stock represented by each certificate evidencing stock of the Corporation issued, the number of shares represented by each such certificate, and the date thereof, and, in the case of cancellation, the date of cancellation. Except as otherwise expressly required by law, the person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

SECTION 3. Transfer of Stock. (a) The transfer of shares of stock and the certificates evidencing such shares of stock of the Corporation shall be governed by Article 8 of Subtitle I of Title 6 of the Delaware Code (the Uniform Commercial Code), as amended from time to time.

(b) Registration of transfers of shares of stock of the Corporation shall be made only on the books of the Corporation upon request of the registered holder thereof, or of his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and upon the surrender of the certificate or certificates evidencing such shares properly endorsed or accompanied by a stock power duly executed.

SECTION 4. Addresses of Stockholders. Each stockholder shall designate to the Secretary of the Corporation an address at which notices of meetings and all other corporate notices may be served or mailed to him, and, if any stockholder shall fail to so designate such an address, corporate notices may be served upon him by mail directed to him at his post office address, if any, as the same appears on the share record books of the Corporation or at his last known post office address.

SECTION 5. Lost, Destroyed or Mutilated Certificates. A holder of any shares of stock of the Corporation shall promptly notify the Corporation of any loss, destruction or mutilation of any certificate or certificates evidencing all or any such shares of stock. The Board may, in its discretion, cause the Corporation to issue a new certificate in place of any certificate theretofore issued by it and alleged to have been mutilated, lost, stolen or destroyed, upon the surrender of the mutilated certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction, and the Board may, in its discretion, require the owner of the lost, stolen or destroyed certificate or his legal representative to give the Corporation a bond sufficient to indemnify the Corporation against any claim made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 6. Facsimile Signatures. Any or all of the signatures on a certificate evidencing shares of stock of the Corporation may be facsimiles.

SECTION 7. Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with the Certificate of Incorporation or these By-Laws, concerning the issue, transfer and registration of certificates evidencing stock of the Corporation. It may appoint, or authorize any principal officer or officers to appoint, one or more transfer agents and one or more registrars, and may require all certificates of stock to bear the signature or signatures (or a facsimile or facsimiles thereof) of any of them. The Board may at any time terminate the employment of any transfer agent or any registrar of transfers. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar, whether because of death, resignation, removal or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed or whose facsimile signature has been placed upon such certificate or certificates had not ceased to be such officer, transfer agent or registrar.

SECTION 8. Record Date. In order that the Corporation may determine the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other such action. A determination of stockholders entitled to notice of, or to vote at, any meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 9. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments a person registered on its records as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

SECTION 10. Stockholder Agreements. Shares of stock of the Corporation may be subject to one or more agreements abridging, limiting or restricting the rights of any one or more stockholders to sell, assign, transfer, mortgage, pledge or hypothecate any or all of the stock of the Corporation held by them, or may be subject to one or more agreements providing a purchase option with respect to any shares of stock of the Corporation. If such agreements exist, all certificates evidencing shares of stock subject to such abridgements, limitations, restrictions or options shall have reference thereto endorsed on such certificate and such stock shall not thereafter be transferred on the books of the Corporation except in accordance with the terms and conditions of such agreement or agreements. Copies of such agreement or agreements shall be maintained at the offices of the Corporation.

ARTICLE VIII

BOOKS AND RECORDS

The books and records of the Corporation may be kept at such place or places within or without the State of Delaware as the Board may from time to time determine.

ARTICLE IX

SEAL

The Board shall provide a corporate seal which shall bear the full name of the Corporation.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall be fixed, and shall be subject to change from time to time, by the Board.

ARTICLE XI

INDEMNIFICATION

SECTION 1. General. The Corporation (a) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or an officer of the Corporation, or is or was serving at the request of the Corporation as a director or an officer of another corporation, partnership, joint venture, trust or other enterprise, to the full extent authorized or permitted by law, as now or hereafter in effect, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful and (b) may indemnify, if the Board of Directors determines such indemnification is appropriate, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the full extent authorized or permitted by law, as now or hereafter in effect, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. Derivative Actions. The Corporation (a) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or an officer of the Corporation, or is or was serving at the request of the Corporation as a director or an officer of another corporation, partnership, joint venture, trust or other enterprise, to the full extent authorized or permitted by law, as now or hereafter in effect, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and (b) may indemnify, if the Board of Directors determines such indemnification is appropriate, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the full extent authorized or permitted by law, as now or hereafter in effect, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 3. Successful Defense. To the extent that (a) a director or an officer of the Corporation, or (b) any other employee or agent of the Corporation who the Board has authorized the Corporation to indemnify, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in sections 1 and 2 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 4. Proceedings Initiated by any Person. Notwithstanding anything to the contrary contained in sections 1 or 2 above, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any person in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized in advance, or unanimously consented to, by the Board of Directors.

SECTION 5. Procedure. Any indemnification under sections 1 and 2 above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in sections 1 and 2 above. Such determination shall be made (i) by a majority vote of the directors who are not parties to such action, suit or proceeding even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders.

SECTION 6. Advancement of Expenses. Expenses (including attorneys' fees) incurred by a director or an officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation pursuant to this Article XI or as otherwise authorized by law. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

SECTION 7. Rights Not Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

SECTION 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of the DGCL.

SECTION 9. Definition of “Corporation”. For purposes of this Article XI, references to “the Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article XI with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

SECTION 10. Certain Other Definitions. For purposes of this Article XI, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves service by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation”, as referred to in this Article XI.

SECTION 11. Continuation of Rights. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 12. Repeal or Modification. Any repeal or modification of this Article XI by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to advancement of expenses that any person may have at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

ARTICLE XII

AMENDMENTS

These By-Laws, or any of them, may be altered, amended or repealed, or new by-laws may be made, but only to the extent any such alteration, amendment, repeal or new by-law is not inconsistent with any provision of the Certificate of Incorporation, either by a majority of the whole Board or by the stockholders

of the Corporation upon the affirmative vote of the holders of 80% or more of the outstanding shares of capital stock of the Corporation entitled to vote thereon.

EXHIBIT 21.1

LIST OF SUBSIDIARIES AND INVESTMENTS OF ROFIN-SINAR TECHNOLOGIES INC.

Name	State or Other Jurisdiction of Incorporation
Rofin-Sinar, Inc.	Delaware, USA
PRC Laser Corporation	Delaware, USA
PRC Laser Europe N.V.	Belgium
Lee Laser, Inc.	Delaware, USA
Nufern	East Granby, USA
Rofin-Sinar Technologies Europe S.L.	Spain
Rofin-Sinar Laser GmbH	Germany
Rofin-Baasel Japan Corp.	Japan
Rasant-Alcotec Beschichtungstechnik GmbH	Germany
Baasel Lasermed GmbH	Germany
CBL Verwaltungsgesellschaft mbH	Germany
Rofin-Baasel Lasertech GmbH & Co. KG	Germany
Rofin-Baasel, Inc.	Massachusetts, USA
WB-PRC Laser Service GmbH	Germany
Optoskand AB	Sweden
PMB Elektronik GmbH	Germany
Rofin-Baasel Italiana S.r.l.	Italy
Rofin-Baasel France S.A.	France
Rofin-Sinar UK Ltd.	United Kingdom
Rofin-Baasel UK Ltd.	United Kingdom
Rofin-Baasel Benelux B.V.	The Netherlands
Rofin-Baasel Singapore Pte., Ltd.	Singapore
Rofin-Baasel Espana S.L.	Spain
DILAS Diodenlaser GmbH	Germany
Rofin-Baasel Taiwan Ltd.	Taiwan
Rofin-Baasel Korea Co., Ltd.	Korea
Rofin-Baasel China Co., Ltd.	China
Rofin-Baasel Canada Ltd.	Canada
DILAS Diodelaser, Inc.	Delaware, USA
H2B Photonics GmbH	Germany
m2k-laser GmbH	Germany
Corelase Oy	Finland
ES Technology Ltd.	United Kingdom
Dilas Diodelaser China Co., Ltd.	China
Nanjing Eastern Technologies Company, Ltd.	China
Rofin-Baasel Swiss AG	Switzerland
Nanjing Eastern Laser Co., Ltd.	China
ROFIN-LASAG AG	Switzerland
ROFIN BAASEL Laser India Pvt. Ltd.	India

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-103145, 333-157973, and 333-174082 on Form S-8 of our report dated November 29, 2011, relating to the financial statements and financial statement schedule of Rofin-Sinar Technologies Inc., and the effectiveness of Rofin-Sinar Technologies Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Rofin-Sinar Technologies Inc. for the year ended September 30, 2011.

/s/ Deloitte & Touche LLP
Detroit, MI
November 29, 2011

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer

I, Günther Braun, certify that:

1. I have reviewed this Annual Report on Form 10-K of Rofin-Sinar Technologies Inc.

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    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 registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2011

/s/ Günther Braun
Günther Braun
Chief Executive Officer

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer

I, Ingrid Mittelstaedt, certify that:

1. I have reviewed this Annual Report on Form 10-K of Rofin-Sinar Technologies Inc.

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    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 registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2011

/s/ Ingrid Mittelstaedt
Ingrid Mittelstaedt
Chief Financial Officer

EXHIBIT 32.1

Section 1350 Certification of the Chief Executive Officer

In connection with the Annual Report of Rofin-Sinar Technologies Inc. (the "Company") on Form 10-K for the year ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Günther Braun, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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Date: November 29, 2011

/s/ Günther Braun
Günther Braun
Chief Executive Officer

EXHIBIT 32.2

Section 1350 Certification of the Chief Financial Officer

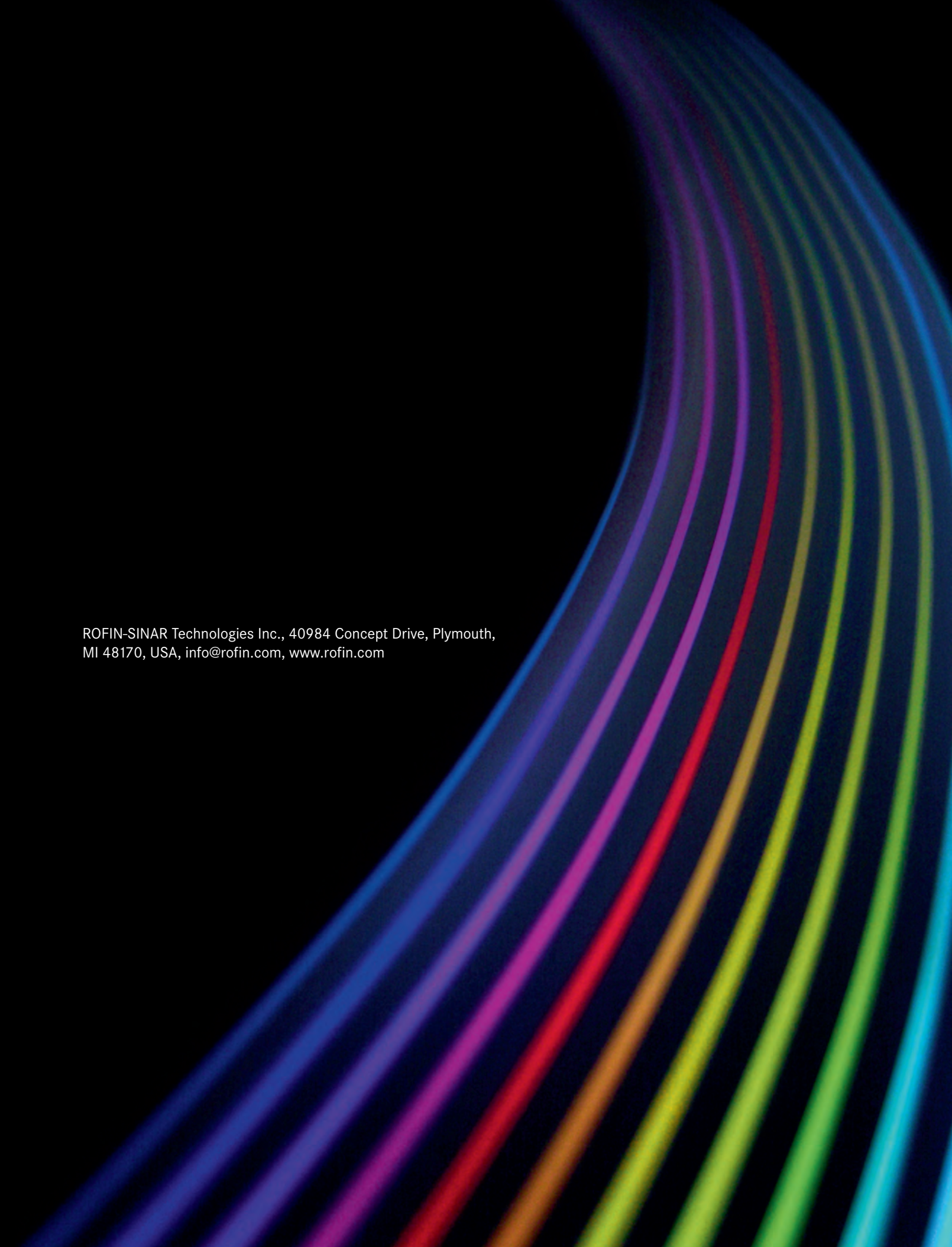
In connection with the Annual Report of Rofin-Sinar Technologies Inc. (the "Company") on Form 10-K for the year ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ingrid Mittelstaedt, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 29, 2011

/s/ Ingrid Mittelstaedt
Ingrid Mittelstaedt
Chief Financial Officer



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