### Financial Highlights

(FY ended September 30)

#### Results of operations

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</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$92,466</td>
<td>$115,903</td>
<td>$129,393</td>
<td>$117,583</td>
<td>$124,024</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$3,213</td>
<td>$7,288</td>
<td>$8,954</td>
<td>$6,681</td>
<td>$3,633</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td>453</td>
<td>500</td>
<td>552</td>
<td>597</td>
<td>606</td>
</tr>
<tr>
<td><strong>Sales per employee</strong></td>
<td>$227</td>
<td>$256</td>
<td>$259</td>
<td>$213</td>
<td>$208</td>
</tr>
<tr>
<td><strong>Order backlog</strong></td>
<td>$26,580</td>
<td>$35,900</td>
<td>$29,100</td>
<td>$35,900</td>
<td>$41,000</td>
</tr>
</tbody>
</table>

#### Balance sheet

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>$90,995</td>
<td>$133,147</td>
<td>$132,189</td>
<td>$143,742</td>
<td>$147,820</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$51,322</td>
<td>$55,147</td>
<td>$50,264</td>
<td>$52,977</td>
<td>$57,144</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td>$39,673</td>
<td>$78,000</td>
<td>$81,925</td>
<td>$90,765</td>
<td>$90,676</td>
</tr>
</tbody>
</table>

#### Net sales

- 1995: $92,466
- 1996: $115,903
- 1997: $129,393
- 1998: $117,583
- 1999: $124,024

#### Net income

- 1995: $3,213
- 1996: $7,288
- 1997: $8,954
- 1998: $6,681
- 1999: $3,633
With almost 25 years of experience in laser technology, ROFIN-SINAR has successfully focused its strategy on being an innovative leader in the industrial laser market and has consistently demonstrated its determination to deliver the most powerful and innovative manufacturing tools to a wide range of industries.

Headquartered in Plymouth, Michigan and Hamburg, Germany, the Company is one of the world’s leading manufacturers of industrial laser sources with production facilities in the USA, Germany, Japan and UK. It offers support from its various sales and service offices located at strategic centers around the globe and has an installed base of over 6,000 lasers operated by more than 1,500 customers.

The Company’s stock is traded on the NASDAQ National Market System under the symbol RSTI.
To our Shareholders, Customers and Employees

NEARLY 25 YEARS OF LASER EXCELLENCE AND INNOVATION

In the financial year ended September 30th, 1999, sales increased by 5.5% to $124 million. Strong sales in Europe more than compensated for the weaker North American and Asian markets. The recovery of the semiconductor industry resulted in a strong fourth quarter, where record highs in marker shipments and order intake were achieved.

Income from operations amounted to $5.9 million, a sharp decrease from the $10.5 million we achieved the year before. The reasons for this decline were: lower sales of marking lasers during the first nine months of the year, higher than planned production costs of the Slab laser models, and the startup losses in our UK operation. As a consequence, net profit amounted to $3.6 million, or $0.32 per share.

To secure quality and delivery, in July, 1999, we bought a majority stake in Rasant-Alcotec Beschichtungtechnik GmbH, a company which has specialized in high-purity grade aluminum coating, - a process which is essential in our Slab laser production.

Our balance sheet remained strong year after year. The favorable cash position of $36.8 million permits flexibility for potential external growth.

Cutting/Welding

Sales from our cutting and welding business increased by $9.6 million or 12% to $88 million. Europe was the base for this growth with a strong demand for high-power welding systems and a solid OEM-market for cutting lasers. An additional positive impact came from the sales of our diode lasers, which more than doubled compared to the previous year.

During the end of the fiscal year we were also able to ship the first high power, diode pumped, solid-state lasers to automotive customers. This new product line has high growth potential, especially in the automotive industry, where the welding of car bodies and the cutting of hydroformed parts are the key applications.

Marking

Sales of lasers for marking decreased by 8% to $36.0 million, caused by a weak semiconductor market during the first part of the year. These sales included our new BLAZER FlexScan® units, manufactured in the UK and used for marking consumer goods “on the fly.” Unfortunately, the semiconductor business bounced back in the fourth quarter, resulting in a record high backlog of $17 million in the marker business. Technologically, the trend to diode-pumped lasers can also be seen for marking applications. This trend clearly favors ROFIN-SINAR with its own production capability at DIAS. Also, our new Windows-NT®-based marking software was well-received by the market.

Geographical

North America 25%
Europe/Pacific 75%

Business Units

Marking & Micro applications 29%
Cutting & Welding 71%

Industry

Semiconductor & Electronics 14%
Automotive 14%
Others 41%
Future outlook

Besides cross selling our wide product range to our strong and steadily increasing customer base, finding new laser applications with promising growth potential is our challenge. With new diode pumped, solid-state lasers in the multikilowatt range, ROFIN-SINAR has a unique market position.

We will push this technology forward and as the demand for diode lasers and diode pumped, solid-state lasers continues to grow, we plan to at least double our laser diode production capability at DILAS.

Special focus will also be given to the low-power CO2 laser business. Our objectives are to increase the available laser output power to widen the application range and strengthen our existing OEM-customer relationships.

Optimizing

our production structure in all our plants and reducing material costs are our main goals for fiscal year 2000 to get the company back on the previous year’s earnings track and improve shareholder value.

Sincerely,

Dr. Peter Wirth
Chairman of the Board and CEO
LASERS OPEN UP NEW TECHNICAL AND ECONOMIC OPPORTUNITIES

Traditionally, the automotive industry has utilized the advantages of laser processing and for many years played a key role in application developments. ROFIN-SINAR provides an extensive range of laser systems to the automotive industry, worldwide, which accounted for 14% of total sales during fiscal 99. In addition to the major car manufacturers, many leading component and part suppliers have implemented laser processing to provide state-of-the-art capabilities to remain competitive.

Cost factors and the demand for lightweight designs force car manufacturers and sub-suppliers to embrace new manufacturing solutions. Lasers have clearly provided new technical and economic opportunities in this area.

Automotive use of lasers started nearly 20 years ago with the production of transmissions, where lasers welded fully machined parts to their final dimensions without creating excessive heat distortion and subsequent loss of tolerance. The cutting of three-dimensional parts for prototype development and low-volume lot sizes followed. Soon, welding of automotive body parts was also tested. Laser welding became broadly accepted when the numerous advantages of tailored blanks were recognized.

All these applications have steadily improved and still result in a substantial amount of CO2 and solid-state lasers delivered. The choice of laser type not only depends on the application but also on the system concept. For example, the use of robots favor Nd:YAG lasers, which can be used in combination with fiberoptic beam delivery.

The demand for reduced fuel consumption, increased safety and improved emission standards has created many new opportunities for lasers: hydraulic valve lifters, injection nozzles, air bags, oxygen sensors, anti-lock brake components, mufflers and stainless steel exhaust tubes. All these parts have been designed with one or more laser welds.
It is in the cutting of hydroformed parts, where our new range of high power, diode pumped, solid-state lasers show their strength, or welding of aluminum components, where our Slab laser, with its excellent beam quality, proves its merits. Perforating dash boards to allow a controlled explosion of the front passenger airbag and cutting the textile material for various air bag sizes are other successful applications for the same type of laser. New products such as direct diode lasers are opening up promising applications like hardening of door springs or welding of plastic components.

Last, but not least, laser marking of many different components for traceability is state-of-the-art. A substantial number of safety related parts are laser marked for permanent identification. Also, control buttons for effective night features on dash boards are laser marked. More recently, laser marking and cutting of plastic labels to size have helped the automotive industry manage “just-in-time” assembly for a wide variety of different models, each with numerous options.

ROFIN-SINAR sees a bright future for its products in this market as the automotive industry is putting considerable efforts towards the design of even more lightweight and stiffer steel bodies. The result of the ULSAB project (Ultra Light Steel Auto Body), a cooperative effort by 35 companies from 18 nations, is the proven feasibility of manufacturing automobiles which are 25% lighter and achieve 80% higher stiffness than a conventional auto body. In this chassis, 18 meters of tailored blanks are laser welded.

SAFETY RELATED PARTS ARE LASER MARKED FOR PERMANENT IDENTIFICATION
In our definition, OEM customers are companies who have an ongoing production of standard machines. They buy laser sources from us in a standard, well defined configuration without requiring adaptation to special end-user needs.

Cutting of die boards and flat steel sheets using CO₂ lasers started nearly at the same time, approximately 20 years ago. Flexibility for contours, various materials and thicknesses to be processed with one laser have been and still are the key advantages, which made cutting the first standardized laser application.

Initially flat sheet material was moved under a fixed laser beam, as with steel in combination with a punch press. More sophisticated moving laser beam systems were developed, where the part remained fixed and the laser beam was steered perpendicularly over the material surface, even in three dimensions.

Processing speed, material thickness and program user-friendliness has continuously improved over the years, driven by an increasing demand for faster and just-in-time production in various industries. At the same time, higher and higher laser output powers have become available and the laser is now a widely accepted “black box” for standard machine tools on the production floor.

Based on this strong demand, various machine tool companies adopted laser cutting technology and developed standardized systems. Some companies even started their own laser source development.

ROFIN-SINAR has been able to develop a strong OEM-customer base in different countries. The proprietary Slab laser has become a well accepted laser tool, especially suited for high-speed cutting of thinner materials, but also covering the entire range of cutting applications.

With the continuing success of industrial laser applications, more and more companies are entering the systems market, most of which are working so far with conventional technologies. The clear economic advantages that a modern laser beam source offers for a large variety of applications, forces system manufacturers to seriously consider this tool, e.g. replacing plasma cutting with laser cutting for hydroformed parts using robots.

Recently, some OEM-customers manufacturing welding equipment have been developing robotic welding systems, which process components using fiber optics.
MARKING OF INTEGRATED CIRCUIT HOUSINGS IS OUR MAIN FOCUS

Laser Marking

Laser Marking is ROFIN-SINAR’s primary application in the semiconductor and electronics industry. With the steadily increasing marking speed, the marking of integrated circuit housings became our main focus. The current drive toward miniaturization and compact packing in the electronic industry created additional technical challenges and business opportunities for us during the last few years.

To better address the requirements of this highly sophisticated market, we developed marking lasers where the conventional flash lamps were replaced by laser diodes, and also lasers which are able to mark with green laser light.

Our unique Through-The-Lens (TTL) vision system is an integral part of our laser marking solution. It can recognize the part location and allows exact positioning and inspection of the marking content.

Not only integrated circuits require marking. Many components like batteries, switches, relays and fuses need identification and the marking of keyboards, touch pads, printed circuit boards have become a steadily increasing business for us.

The possibility of marking characters, logos, bar codes or ID matrix codes with the same laser by only giving different programming commands, substantially enhances its flexibility and durability. As a result, the laser beam has become an even more effective and powerful marking tool.

Flexible keyboard marking

Through-The-Lens (TTL) vision system

Soldering with direct diode laser

Laser marked Chip-Scale-Package
Clearly, twenty years of implementing advanced laser technology for industrial applications is just the beginning. Tomorrow’s challenges for new cost effective solutions, materials, miniaturization etc. will surely lead to a continuation of rapid growth for high-performance industrial lasers.

ROFIN-SINAR’s commitment to close cooperation with manufacturing end-users, OEM-suppliers, integrators and research centers and our combined imagination will assure a bright and exciting future for advanced laser processes.
FINDING SOLUTIONS FOR CUSTOMERS SPECIFIC APPLICATIONS IS ONE OF OUR MAIN QUALITIES

The diversity of laser customers is widespread and ranges from sophisticated manufacturers like aircraft companies to producers of consumer goods; such as shavers, light bulbs, special products or personalized gifts.

There are many niches where lasers can be used successfully. Laser applications falling in this category are the marking of ear tags for animals (so that they can be traced), the marking of credit cards, the welding of diamond equipped sintered tips onto saw blades, which are used for cutting of concrete, or the drilling of tiny holes in polished marble to make it anti-slip.

All these applications require a sales force which is highly innovative, has a good understanding of general production methods and the ability to apply the special advantages that a laser can offer. Their efforts with potential customers must be supported by a well equipped and functioning applications lab, where each laser application can be optimized; resulting in a reliable, cost effective, safe and easy to operate production process.

Since applications are not always straightforward, system concepts often have to be developed by the laser manufacturer to demonstrate and re-assure end-users of the benefits provided. Therefore, ROFIN-SINAR employs a small group of highly experienced systems engineers, who can develop viable solutions and assist the customer during the installation of his initial laser equipment.

After a successful installation of their first laser, customers frequently place repeat orders for the same or similar systems, as the benefits of the latest laser technologies are realized.

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### Series

**CO₂ Laser:**
- ROFIN SC: 100-300 W
- ROFIN DC: 1000-3500 W
- ROFIN HF: 4000-8000 W
- ROFIN SR: 12000-20000 W

**Nd:YAG Laser:**
- ROFIN Spotwelder: 50 W
- ROFIN P/CW: 150-300 W
- ROFIN P: 50-1000 W
- ROFIN DY: 550-4400 W

**Diode Laser:**
- ROFIN DL: 30-3000 W
- ROFIN DL-S: 750-2500 W
- ROFIN DL-H: 4000-6000 W
- ROFIN DF: 30-2200 W

**Marking Products:**
- ROFIN DP Marker: 3-100 W
- ROFIN S-Line: 75 W
- ROFIN Power Line: 10-130 W
- ROFIN Combi Line: Marking System
- ROFIN IC Marker: IC-Marking System
- ROFIN Label Marker: Label-Marking System
- BLAZER FlexScan®: Dot-Matrix Marker
Our worldwide locations

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Chief Executive Officer
President

Hinrich Martinen
Executive Vice President
Chief Technical Officer

Günther Braun
Executive Vice President
Chief Financial Officer

Ralph E. Reins
Chairman and
Chief Executive Officer of Qualitor, Inc.

William R. Hoover
Chairman of the Executive Committee
of Computer Sciences Corporation

Gary K. Willis
Chairman and Director of
Zygo Corporation
Member of the Board of Directors of
Benthos Corporation
Member of the Board of Directors of
Middlesex Health Services

**Auditors:**
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Detroit, Michigan

**Transfer agent and registrar:**
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New York, NY

**Common stock:**
ROFIN-SINAR Technologies, Inc. trades on NASDAQ’s National Market System under the Symbol “RSTI”

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