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GSI Group to Acquire Lincoln Laser Company for \$11 Million in Cash

Acquires leading provider of laser beam delivery technologies, including ultrafast precision polygon motors and laser scanning solutions, to OEM equipment suppliers.

Bedford, MA, November 4, 2015 -- GSI Group Inc. (NASDAQ: GSIG) (the "Company", "we", "our", or "GSI"), a global leader and supplier of laser, precision motion, and vision technologies to original equipment manufacturers in the medical and advanced industrial markets, today announced that it has reached an agreement to acquire the assets of Lincoln Laser Company, a Phoenix, Arizona-based provider of ultrafast precision polygon scanners and other optical scanning solutions for the medical, food processing, and advanced industrial markets for \$11 million in cash, subject to customary working capital adjustments. The transaction is expected to close in November of 2015.

Lincoln Laser Company's family of ultrafast, polygon-based beam steering solutions are highly complementary to GSI's existing galvanometer-based beam delivery products. The Lincoln Laser Company business will integrate within Cambridge Technology, a GSI business unit and leading provider of galvanometer-based, optical scanning solutions for advanced industrial and medical applications. Lincoln Laser Company specializes in ultrafast scanning, leveraging their expertise in polygon motor design, electro-optic subsystems, and exceptional customer service.

"The combination of Lincoln Laser Company with Cambridge Technology creates an expanded range of highly competitive beam delivery technologies that significantly enhances our value proposition with OEM customers in growth applications," said John Roush, Chief Executive Officer at GSI.

"As the functionality of lasers becomes faster and more precise, we are now well positioned to provide the latest in ultrafast beam steering solutions to our customers," added Chris Tecca, President of Cambridge Technology. "The addition of the Lincoln Laser Company's technology and their extensive industry knowledge extends our capabilities to further penetrate attractive applications. We're very excited that the Lincoln Laser Company management team will join us and continue to run its operations as this will provide continuity and enhance our engineering expertise."

Cambridge Technology has been designing, developing and manufacturing innovative beam steering

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solutions including galvanometer-based optical scanning components, 2-axis and 3-axis scan heads, scanning subsystems, high-power scanning heads, and controlling hardware and software for more than 40 years. Cambridge Technology excels in collaborating with its key OEM partners to engineer products that range from large engineering solutions to small components. Key market applications include advanced industrial processes, medical microscopy, ophthalmology, OCT, and any application where laser beam steering is required.

Lincoln Laser Company has been designing, developing and manufacturing polygon based laser scanning components and electro-optic subsystems to OEM customers around the world in complementary applications for more than 40 years. Lincoln Laser Company's products can be found in the world's most advanced, high-speed sorting and inspection systems, retinal wide field imaging systems, large field metrology equipment, and laser based skin treatment systems.

Safe Harbor and Forward-Looking Information

Certain statements in this release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are based on current expectations and assumptions that are subject to risks and uncertainties. All statements contained in this news release that do not relate to matters of historical fact should be considered forward-looking statements, and are generally identified by words such as "expect," "intend," "anticipate," "estimate," "believe," "future," "could," "should," "plan," "aim," and other similar expressions. These forward-looking statements include, but are not limited to, expectations regarding our belief that the acquisition of Lincoln Laser Company will enable GSI to better drive differentiated performance and organic growth; the expected timing of the closing of the acquisition; and other statements that are not historical facts.

These forward-looking statements are neither promises nor guarantees, but involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, but not limited to, the following: the risk that the acquisition may not close in November 2015, or at all; economic and political conditions and the effects of these conditions on our customers' businesses and level of business activities; our significant dependence upon our customers' capital expenditures, which are subject to cyclical market fluctuations;

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our dependence upon our ability to respond to fluctuations in product demand; our ability to continually innovate and successfully commercialize our innovations; failure to introduce new products in a timely manner; customer order timing and other similar factors beyond our control; disruptions or breaches in security of our information technology systems; changes in interest rates, credit ratings or foreign currency exchange rates; risk associated with our operations in foreign countries; our increased use of outsourcing in foreign countries; our failure to comply with local import and export regulations in the jurisdictions in which we operate; our exposure to the credit risk of some of our customers and in weakened markets; our reliance on third party distribution channels; violations of our intellectual property rights and our ability to protect our intellectual property against infringement by third parties; risk of losing our competitive advantage; our failure to successfully integrate recent and future acquisitions into our business; our ability to make divestitures that provide business benefits; our ability to attract and retain key personnel; our restructuring and realignment activities and disruptions to our operations as a result of consolidation of our operations; product defects or problems integrating our products with other vendors' products; disruptions in the supply of certain key components or other goods from our suppliers; production difficulties and product delivery delays or disruptions; our compliance, or our failure to comply, with various federal, state and foreign regulations; changes in governmental regulation of our business or products; our failure to implement new information technology systems and software successfully; our failure to realize the full value of our intangible assets; our ability to utilize our net operating loss carryforwards and other tax attributes; changes in tax laws, and fluctuations in our effective tax rates; being subject to U.S. federal income taxation even though we are a non-U.S. corporation; any need for additional capital to adequately respond to business challenges or opportunities and repay or refinance our existing indebtedness, which may not be available on acceptable terms or at all; volatility in the market price for our common shares; our ability to access cash and other assets of our subsidiaries; the influence over our business of certain significant shareholders; provisions of our articles of incorporation may delay or prevent a change in control; our significant existing indebtedness may limit our ability to engage in certain activities; and our failure to maintain appropriate internal controls in the future.

Other important risk factors that could affect the outcome of the events set forth in these statements and that could affect the Company's operating results and financial condition are discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, our subsequent filings with

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the Securities and Exchange Commission (“SEC”), and in our future filings with the SEC. Such statements are based on the Company’s beliefs and assumptions and on information currently available to the Company. The Company disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this document except as required by law.

About GSI

GSI Group Inc. designs, develops, manufactures and sells precision photonics and motion control components and subsystems to Original Equipment Manufacturers (“OEM”) in the medical equipment and advanced industrial technology markets. The Company’s highly engineered enabling technologies include laser sources, laser scanning and beam delivery products, optical data collection and machine vision technologies, medical visualization and informatics solutions, and precision motion control products. It specializes in collaborating with OEM customers to adapt its component and subsystem technologies to deliver highly differentiated performance in their customers’ applications. GSI Group Inc.’s common shares are quoted on NASDAQ under the ticker symbol “GSIG”.

More information about GSI is available on the Company’s website at www.gsig.com. For additional information, please contact GSI Group Inc. Investor Relations at (781) 266-5137 or InvestorRelations@gsig.com.

GSI Group Inc.

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