



OmniGuide, Inc. to Expand Medical Product Offerings and Manufacturing Capacity Following Series D Funding

ESI Inc. leads current round of financing, joining previous venture capital firms and private investors

Cambridge, Mass. – August 31, 2006 – OmniGuide, Inc., (www.Omni-Guide.com) a pioneer of revolutionary hollow-core photonic bandgap optical fibers, today announced the closing of a \$20-million Series D round of financing. Electro Scientific Industries, Inc. (ESI; Nasdaq: ESIO), a leading supplier of innovative production laser systems for microengineering applications, led the round, which was joined by Stata Venture Partners, Argonaut Ventures, 3i Technology Partners, Alliance Technology Ventures, Jeff Swartz (Kelev Hayam), and Mukesh Chatter (CWN). OmniGuide will be using the investments to enhance product offerings, expand manufacturing capacity, and increase market penetration.

OmniGuide Inc. has also invited Nicholas Konidaris, ESI's CEO, to join its board of directors. Current board members include: Ray Stata, board chairman and OmniGuide president; Yoel Fink, MIT associate professor and OmniGuide's co-founder; Anil Khatod of Argonaut; Mike Slawson, general partner with Alliance Technology Ventures; Nitin Gupta of Westbury Partners; and Paul Badawi of 3i US.

OmniGuide's FDA-cleared fibers offer, for the very first time, a flexible fiber-based delivery system for CO₂ lasers facilitating non-invasive laser microsurgery. OmniGuide's fibers have been used to date in over 100 surgeries by customers that include Mount Sinai Medical Center, M.D. Anderson Cancer Center, Brigham and Women's Hospital, the Mayo Clinic, the Cleveland Clinic, University of Iowa Hospitals, and more.

Stata commented, "We believe that ESI as an investor and Nicholas Konidaris as a board member will strengthen OmniGuide in many ways. The ESI-led round of financing allows us to scale up our sales and manufacturing capabilities to fully exploit a wide range of noninvasive laser surgical procedures. Also, in partnership with ESI, we shall be exploring opportunities for our fiber technology to flexibly deliver laser energy in industrial applications."

Konidaris added, "We are excited about Omniguide's technology for both medical and industrial applications. OmniGuide's flexible laser-delivery system is complimentary to ESI's technology and having access to this unique approach should prove valuable as we continue to investigate potential new markets and applications for future expansion of our business."

Fink noted, "Over the past year, OmniGuide's fibers have earned the confidence of leading surgeons at major medical centers across the country who are now using the fibers to treat airway and base-of-skull cancer patients in minimally invasive procedures. This significant investment will allow the OmniGuide fibers to reach a large patient base in the U.S. and around the world."

About ESI, Inc.

ESI is a pioneer and leading supplier of world-class production laser systems that help its microelectronics customers achieve compelling yield and productivity gains. The company's industry-leading, application-specific products enhance electronic-device performance in three key sectors -- semiconductors, components and electronic interconnect -- by enabling precision fine-tuning of device microfeatures in high-volume manufacturing environments. Founded in 1944, ESI is headquartered in Portland, Oregon. More information is available at www.esi.com.

About OmniGuide

Uri Kolodny and Yoel Fink together with John Joannopoulos and Edwin Thomas founded OmniGuide in May 2000, to commercialize patented research conducted at MIT on omnidirectional reflectors. Based in Cambridge MA, where its corporate offices and labs are located, OmniGuide has an exclusive license from MIT on omni-directional reflectors. Prior to this financing, the company had raised \$29.5M from Ray Stata, CWN Trust, Alliance Technology Ventures, 3i US, Westbury Partners, and Gainesborough Investments. OmniGuide's progress to date has captured broad attention in both scientific and popular venues, and was recently featured in the Forbes Magazine Investment Guide (www.forbes.com/business/forbes/2006/0605/078.html).

For more information please contact:

Doug Hutchison, VP Sales and Marketing

dough@omni-guide.com

+1-617-551-8444