

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER
585,202 Common shares (2.0%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
585,202

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 585,202; for all reporting persons as a group, 3,374,484 shares (11.6%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.6%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

2

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The DIII Offshore Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)

3 SEC USE ONLY

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

7 SOLE VOTING POWER

774,214 common shares (2.7%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

774,214

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 774,214; for all
reporting persons as a group, 3,374,484 shares (11.6%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.6%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

3

1 NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The D3 Family Bulldog Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

2,015,068 common shares (6.9%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

2,015,068

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 2,015,068; for all
reporting persons as a group, 3,374,484 shares (11.6%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.6%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

4

1 NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

Nierenberg Investment Management Company, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

0

NUMBER OF SHARES
BENEFICIALLY OWNED BY

8 SHARED VOTING POWER

3,374,484 shares (11.6%)

EACH REPORTING PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

3,374,484 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 3,374,484; for all reporting persons as a group, 3,374,484 shares (11.6%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.6%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

Nierenberg Investment Management Offshore, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

 (a) (b)
 (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

7 SOLE VOTING POWER
0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
8 SHARED VOTING POWER
774,214 common shares (2.7%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
774,214

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 774,214 for all reporting persons as a group, 3,374,484 shares (11.6%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.6%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

This Amendment No. 6 to Schedule 13D (this "Amendment") amends the below-indicated items from the Schedule 13D previously filed by or on behalf of the undersigned parties (the "Reporting Persons") (the "Schedule 13D"), by supplementing such Items with the information below:

Item 4. Purpose of Transaction

Our proposal that ESIO put excess cash to work to maximize shareholder value seems to be progressing. We cite three recent developments to illustrate our point.

First, and foremost, we thank ESIO's management and Board of Directors for their constructive and timely announcement yesterday reiterating their commitment to enhancing shareholder value. We know that ESIO is working to prepare its substantive response to our suggestions. As current and former public company board members ourselves, we appreciate that doing this the right way takes time. We are prepared to be patient while good people do the right thing.

Second, we note the Schedule 13D filed earlier today by ESIO's largest shareholder, Third Avenue Management LLC. We particularly note the thoughtful letter from Third Avenue's Co-Chief Investment Officer, Curtis R. Jensen, to ESIO's CEO, Nick Konidaris, advocating a combined share repurchase and dividend program to improve ESIO's return on equity (ROE) and tangibly demonstrate the company's commitment to maximizing shareholder value. Though Third Avenue's suggestions differ from those in our last 13D, we think they have improved our original ideas.

Third, we note with enthusiasm today's announcement that United Microelectronics Corp. (UMC), which is Taiwan's second largest contract chip manufacturer, will use its excess cash to retire fully 30% of its outstanding shares and pay shareholders a one time cash dividend. Taiwanese technology companies are showing American technology companies how to use cash to build shareholder value.

* * * * *

In conclusion, we would like to update the Schedule 13D to disclose that in two separate recent conversations we have told ESIO's CEO and Board Chairman that we do not require the company to use a one time cash dividend as the only or principal way to return excess cash to the shareholders. As Mr. Jensen's letter points out so powerfully, there are other perfectly acceptable ways to use excess cash to build shareholder value. If, for example, ESIO's Board and advisors were to conclude that the best way to improve ROE were to repurchase shares, we could support that decision with just two conditions. First, we would want the size of the repurchase program to be large enough that it would meaningfully boost both ROE and earnings per share, like we believe UMC's program will. And, second, we would like ESIO to make a continuing commitment to use excess cash flow to repurchase a significant percentage of shares on an ongoing basis. To illustrate the size of programs which could be acceptable to us, we could support a one time repurchase of six million shares, which is over 20% of the outstanding

share count, succeeded by a continuing program to repurchase at least one

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

million more shares annually.

We appreciate the company's consideration of our views and look forward to the response.

The previous statements by the Reporting Persons to their views regarding their investment in ESIO represent solely their own analyses and judgments, based on publicly-available information and their own internal evaluation thereof. Those statements are not intended, and should not be relied on, as investment advice to any other investor or prospective investor. To the extent those statements reflect assessments of possible future developments, those assessments are inherently subject to the uncertainties associated with all assessments of future events; actual developments may materially differ as a result of circumstances affecting ESIO and/or extrinsic factors such as developments in the company's industry and the economic environment. The Reporting Persons reserve the right to change their internal evaluation of this investment in the future, as well as to increase or decrease their investment depending on their evaluation, without further amending their Schedule 13D except as required by applicable rules.

Item 5. Interest in Securities of the Issuer

(a, b) The Reporting Persons, in the aggregate, beneficially own 3,374,484 common shares, constituting approximately 11.6% of the outstanding shares.

(c) Since Amendment No. 5 to Schedule 13D, the following purchases of Shares were made by D3 Family Funds in open market transactions:

Fund	Trade Date	Quantity	Price
----	-----	-----	-----
D3 Family Fund, LP	1/18/2007	14,370	19.61
D3 Family Bulldog Fund, LP	1/18/2007	45,570	19.61
DIII Offshore Fund, LP	1/18/2007	15,060	19.61
D3 Family Fund, LP	1/19/2007	5,900	19.64
D3 Family Bulldog Fund, LP	1/19/2007	20,300	19.64
DIII Offshore Fund, LP	1/19/2007	7,800	19.64
D3 Family Fund, LP	1/22/2007	17,900	19.44
D3 Family Bulldog Fund, LP	1/22/2007	64,020	19.44
DIII Offshore Fund, LP	1/22/2007	24,080	19.44

8

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in the Statement is true, complete and correct.

D3 Family Fund, L.P., and D3 Bulldog
Fund, L.P.

By: Nierenberg Investment Management
Company, Inc.

Its: General Partner

January 24, 2007

By: /s/ David Nierenberg

David Nierenberg, President

Edgar Filing: ELECTRO SCIENTIFIC INDUSTRIES INC - Form SC 13D/A

DIII Offshore Fund, L.P.

By: Nierenberg Investment Management
Offshore, Inc.

Its: General Partner

January 24, 2007

By: /s/ David Nierenberg

David Nierenberg, President

Nierenberg Investment Management
Company, Inc.

January 24, 2007

By: /s/ David Nierenberg

David Nierenberg, President

Nierenberg Investment Management
Offshore, Inc.

January 24, 2007

By: /s/ David Nierenberg

David Nierenberg, President