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ELECTRO SCIENTIFIC INDUSTRIES INC
Form SC 13D/A
April 12, 2007

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 8)

ELECTRO SCIENTIFIC INDUSTRIES INC. (ESIO)

(Name of Issuer)

Common Stock

(Title of Class of Securities)

285229100

(CUSIP Number)

David Nierenberg
The D3 Family Funds
19605 NE 8th Street
Camas, WA 98607
(360) 604-8600

With a copy to:

Henry Lesser, Esq.
DLA Piper US LLP
2000 University Avenue
East Palo Alto, CA 94303
(650) 833-2000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

April 10, 2007

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The D3 Family Fund, L.P.

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) |X|
(b) |_ |

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
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
593,762 Common shares (2.0%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
593,762

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
For the reporting person listed on this page, 593,762; for all
reporting persons as a group, 3,456,884 shares (11.8%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (See Instructions) |_ |

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.8%

14 TYPE OF REPORTING PERSON (See Instructions)
PN

2

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The DIII Offshore Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) |X|
(b) |_ |

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
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 814,414 common shares (2.8%)
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 814,414
	10	SHARED DISPOSITIVE POWER 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
For the reporting person listed on this page, 814,414; for all
reporting persons as a group, 3,456,884 shares (11.8%)

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.8%

14 TYPE OF REPORTING PERSON
PN

3

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The D3 Family Bulldog Fund, L.P.

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

3 SEC USE ONLY

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4	SOURCE OF FUNDS (See Instructions) WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION Washington	
	7	SOLE VOTING POWER 2,048,708 common shares (7.0%)
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 2,048,708
	10	SHARED DISPOSITIVE POWER 0
	11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON For the reporting person listed on this page, 2,048,708; for all reporting persons as a group, 3,456,884 shares (11.8%)
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)	<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 11.8%	
14	TYPE OF REPORTING PERSON PN	

4

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only) Nierenberg Investment Management Company, Inc.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	

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4 SOURCE OF FUNDS (See Instructions)
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
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER
3,456,884 shares (11.8%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
3,456,884 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
For the reporting person listed on this page, 3,456,884; for all
reporting persons as a group, 3,456,884 shares (11.8%)

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.8%

14 TYPE OF REPORTING PERSON
PN

5

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

Nierenberg Investment Management Offshore, Inc.

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

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
WC

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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 814,414 common shares (2.8%)

	9 SOLE DISPOSITIVE POWER 0

	10 SHARED DISPOSITIVE POWER 814,414 common shares

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON For the reporting person listed on this page, 814,414 for all reporting persons as a group, 3,456,884 shares (11.8%)

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) _

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 11.8%

14	TYPE OF REPORTING PERSON PN

6

This Amendment No. 8 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

We are pleased with ESIO's announcement on April 10 that it booked strong orders in its third fiscal quarter and that its board approved a \$50 million share repurchase program. We expressed our enthusiasm for these developments during the company's conference call.

The concerns which we had expressed in our prior 13D amendment related to ESIO's balance sheet management, financial strategy, and investor communications. ESIO's announcements on April 10 were responsive to our concerns. Though the initial size of the company's share repurchase program is smaller than we had proposed, we recognize the deliberation which has gone into the board's decision, appreciate the change in their direction, and view their initial commitment as tangible and substantial. As we said during the conference call, we view ESIO's commitment to repurchasing shares as being shareholder-friendly

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and accretive. We hope and trust that the program will be carried out effectively and expeditiously and that it will have the intended impact on ESIO's return on equity. Evidently ESIO's board anticipates this as well. If our thinking proves right, then we also hope that the company will continue with an enlarged and ongoing share repurchase program in the future.

As we have said before, we have been patient, supportive, and constructive shareholders of ESIO for a long time. The company's April 10 announcement has refreshed our patience. As long term investors, we are now prepared to wait and watch the company's performance. We recognize that boosting ROE into the mid-teens, through repurchases and improving operating performance, will take time. At present, we do not anticipate nominating our own alternate board candidates at the company's 2007 annual shareholder meeting.

The previous statements as to the views of the Reporting Persons 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 3,456,884 common shares, constituting approximately 11.8% of the outstanding shares.

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(c) Since Amendment No. 7 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	3/29/2007	8,560	18.79
D3 Family Bulldog Fund, LP	3/29/2007	30,440	18.79
DIII Offshore Fund, LP	3/29/2007	12,000	18.79

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.

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April 12, 2007

Its: General Partner
By: /s/ David Nierenberg

David Nierenberg, President

DIII Offshore Fund, L.P.
By: Nierenberg Investment Management
Offshore, Inc.
Its: General Partner
By: /s/ David Nierenberg

David Nierenberg, President

Nierenberg Investment Management
Company, Inc.
April 12, 2007

By: /s/ David Nierenberg

David Nierenberg, President

Nierenberg Investment Management
Offshore, Inc.
April 12, 2007

By: /s/ David Nierenberg

David Nierenberg, President