Other than the historical financial data included in this presentation, we include a number of forward-looking statements that are based on current expectations and involve risks and uncertainties, as detailed in our SEC filings. Although we believe that the assumptions underlying the forward-looking statements are reasonable any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking statements will be realized. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation that Newport's objectives or plans will be achieved.
Newport is a Photonics Solutions Company

Mission:
To Be the World’s Leading Solutions Provider for Customers who …

Make  Manage  Measure

- Founded in 1969 – Headquarters in Irvine, CA
- $452 Million in Sales (ttm) -- $42 Million R&D Investment
- Leading Industry Brands
  - Newport – Optics, Opto-Mechanics, Motion, Vibration Control
  - Spectra-Physics -- Lasers
  - Oriel – Light Sources and Instrumentation
  - MRSI -- Automation
- More than 15,000 Products Sold to More Than 40,000 Customers
- Catalog, Web, Phone Center, and Direct Sales Channels in Every Major Country
- 13 Manufacturing Locations and > 1,900 Employees Worldwide
Photonics Technology Enables Innovation in Some of the World’s Largest Industries

**Needs…**

**Photonics Innovation…**

**Electronics**
- More Computing Power
- Smaller Form Factors
- More Memory

**Energy**
- New Sources & Technologies
- Less Reliance on Foreign Oil
- Green Technologies

**Medicine**
- Improved Health Maintenance
- Early Disease Detection
- Less Invasive Procedures

**Manufacturing**
- Increased Precision
- Greater Throughput
- Reduced Cost

**Many Others…**
- Communications
- Security & Defense

**Newport’s Solution:**
Leverage Knowledge and Expertise in:
- Lasers & Light Sources
- Optics
- Precision Motion Control
- Instrumentation

Provide Components, Subassemblies, and Systems that Enable These Photonics Innovations

**Newport Enables Customers with Photonics Technology Applications**
Distribution Channels – Represent Combined Product Portfolio

**Scientific Market Characteristics:**
- Stable & GDP Growth
- Platform for Identification of Emerging Markets

**Newport Capabilities:**
- Broadest Product Portfolio in the Industry
- Newport.com – > 100,000 Unique Visits Per Month
- Newport Catalog – The Standard of the Industry

**Microelectronics Market Characteristics:**
- Cyclical Semiconductor w/ ~ 10% CAGR
- Emerging High Growth Segments (ex: Photovoltaic)

**Newport Capabilities:**
- Nanometer Scale and UV Optical Systems Align with Industry Initiative to Shrink Device Sizes
- Integration Capabilities Appeal to Customer Outsourcing Initiatives

**LHS & Industrial Market Characteristics:**
- LHS - Photonic Technology Adoption Rate Provides > 10% Growth Opportunity
- Industrial ~ 6% Market Growth, Targeted Opportunities for Technology Transition

**Newport Capabilities:**
- Modular Product Line Makes it Easy to “Try Something New”
- Optical Systems Expertise Adds Value to Collaboration for New Applications
Knowledge & Expertise:
• Over 175 Employees with Advanced Degrees (53 PhD's)
• Average Tenure of Management & Professional Employees = 21.5 years
• 222 Patents + 100 Pending

Proprietary Processes & Capital:
• Component & System Characterization
• Optics Fabrication and Thin Film Coatings
• Optical System Integration and Critical Alignment
• Design Verification & Predictive Life Testing
• Lean Manufacturing Methodology
• Precision Materials Processing and Assembly

Products:
- Diode Pumped Solid-State Lasers
- Broadband Light Sources
- Fiber Lasers
- Diode Lasers
- Ultrafast Lasers
- Vibration Control
- Precision Motion Control
- Optical Components
- Opto-Mechanics
- Spectrometers
- Benchtop Instrumentation
- Sensors & Detectors
- Handheld Instruments

Core Competency Technologies:
• Linear & Non-Linear Optical Systems
• High Power Semiconductor Laser Diodes
• Thin Film Deposition
• Ultra-Precise Mechanical Positioning
• Analog and Digital Sensing
• Motion Electronics and Control Systems

Platform Capabilities

Make Measure

Manage
**Integrated Solutions:**

- Semiconductor Wafer Inspection
- Solar Cell Scribing
- Ophthalmology
- Flow Cytometry
- Laser Disk Texturing

**Core Competency Technologies:**
- Linear & Non-Linear Optical Systems
- High Power Semiconductor Laser Diodes
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- Motion Electronics and Control Systems

*With The Capability & Focus to Integrate Them into Application Specific Solutions*
Market Initiative Update -- Photovoltaics

Growth Opportunity for Newport –
- The Demand for Solar Cells is increasing Rapidly...
  Driven by Increasing Cost of Fossil Fuels, Improved Cell Efficiency, and Green Initiatives
- Solar Cell Manufacturing and Test is Enabled by Optical Technologies
- Newport Has Core Competencies in Key Areas
  - Lasers and Precision Motion Technology for Scribing and Edge Isolation Applications
  - Solar Simulator Light Sources for Development and Test Applications

Initiative Update –
- Exceeded $10 Million in Orders from Solar Cell Market for 2007
- New Laser and Motion Solutions to be Introduced in Q2-08
  - Explorer 532nm Compact Q-Switched Laser
  - High Precision, High Throughput Motion Stage Platform
Newport’s Fiber Technology Differentiation:

- Oscillator
- Diodes
- Couplers
- Fiber
- Amplifier
- Harmonics

Key Technology/Cost Control Points

Key:
- Proprietary Design & Vertically Integrated Manufacturing
- Proprietary Design and Supply Chain Partnership

Initiative Update:

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<tr>
<th>Product</th>
<th>Applications</th>
<th>Status</th>
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| Pantera – High Power UV Pulsed Laser with Fiber Amplifier | Superior Technology Platform for Laser Processing of Thin Film Layers for:  
  - Electronics  
  - Flat Panel Display  
  - Solar Cell | Multiple Units in Evaluation by Key Customers in U.S., Europe, Asia  
  - Volume Production Begins Late 2008 |
| Industrial CW IR Laser Platform              | Superior Technology Platform for Precision Materials Processing:  
  - Metallic & Non-Metallic Cutting  
  - Spot & Seam Welding  
  - Rapid Prototyping | Prototype Display at Photonics West Trade Show  
  - 100W & 200W Product Launches in 2008  
  - Near-term Roadmap for Higher Power |
Operations Initiatives Update

- **Worldwide SAP Rollout to be Completed in 2008**
  - Implementation On-Track – 3rd Year of 3-Year Initiative
  - Single Integrated Database and Systems Infrastructure for 13 Locations and More Than 1000 Users
  - Payback Begins in 2008, and Accelerates in 2009

- **New Facility Established in Wuxi, China**
  - Establishes Regional Presence in Expanding Market
  - Enables Local Contact With Low Cost Supply Base
  - Creates Cost-Effective Manufacturing Entity for Products Under Acute Margin Pressure
Financial Review
Financial Goals

• Increase Shareholder Value Through Superior, Stable Financial Performance
• Target Long-Term Compound Annual Revenue Growth of 10%
• Achieve and Maintain Gross Margin ~45%
• Decrease Selling, General and Administrative Expenses on a Percentage Basis as Revenue Increases
• Maintain Research and Development Investment at 9%-10%
• Drive Operating Income as Percentage of Sales to Mid-Teens
• Increase Earnings Per Share Annually
• Utilize Cash Generated to Augment Organic Growth Through Accretive Investments
Annual Revenue Growth & Efficiency

Revenue Growth CAGR of 28% from 2002-2007

Excluding Spectra-Physics Acquisition, Same Period CAGR is Estimated at Approximately 15%

Revenue Increased 13% in 2006, But Decreased Slightly in 2007

- Microelectronics Revenue Expected to Decline Approximately $20 Million (15%)
- Laser Segment Revenue Expected to Decline Approximately $7 Million (4%)

Newport Continues to Improve Sales Per Employee, Even in 2007, With Lower Year-Over-Year Revenue
Fourth Quarter 2008 Sales Reached Second Highest Level in Company History
New Orders – *Highest in Company History*!
We Enter the Year With Strong Backlog for Year 2008 Shipments
Diversity of Orders & Sales

**Orders By Market, YTD Q3 ‘07**
- Research: 35%
- Micro-electronics: 31%
- Life/Health Sciences: 18%
- Industrial & Other: 16%

**Orders By Geographic Area, YTD Q3 ‘07**
- US: 51%
- Europe: 23%
- Asia: 21%
- ROW: 6%

**Sales By Market, YTD Q3 ‘07**
- Research: 36%
- Micro-electronics: 30%
- Life/Health Sciences: 17%
- Industrial & Other: 17%

**Sales By Geographic Area, YTD Q3 ‘07**
- US: 51%
- Europe: 25%
- Asia: 17%
- ROW: 7%

*Diversity of Markets and Geographies Served Provides Stable and Sustainable Orders and Revenue Growth*
Outlook for 2008

• We Expect Revenue to Increase in 2008 ~ Total Revenue Expected to Be in the Range of $465 Million to $480 Million

• We Expect Earnings Per Diluted Share to Be in the Range of $0.65 to $0.80 (Excluding Unusual Charges or Adjustments and Assuming 15% Tax Provision)

• We Expect to Generate Over $40 Million in Free Cash Flow
Newport!

- **Significant Market Opportunities**
  - Photonics Technology Will Change the Way We Investigate, Communicate and Work
  - High Growth Applications Continue to Emerge

- **Dedicated People With Expertise in Enabling Technologies**
  - Over 175 Employees with Advanced Degrees
  - 222 Patents Issued, Plus 100 Pending
  - Multiple Core Competencies in Photonics Technologies

- **Infrastructure, Systems and Processes**
  - Global Manufacturing Footprint (Including Wuxi, China Factory Opened in December 2007)
  - SAP ERP Platform Deployed Companywide (in process)
  - Specialized Capital Equipment and Proprietary Processes for Fabrication, Coating and Assembly

- **Channels**
  - Worldwide Sales, Distribution and Service Organization
  - Integrating Web, Catalog and Call Center Capabilities
  - Single Presence with the Customer, Backed by Deep Technical Expertise
  - Most Comprehensive Catalog in Photonics Industry

**Investing in Capabilities to Be the Leader in Photonic Technology and Solutions**
Single Source of Solutions for Making, Managing and Measuring Light