



Press release

El.En. SpA: Cynosure releases quarterly financials and signs patent cross-license agreement with Palomar Medical Technologies

Firenze, November 7, 2006 – Cynosure Inc. (NASDAQ: CYNO), the company controlled by El.En. Spa, a leading developer and manufacturer of a broad array of light-based aesthetic treatment systems, with two press releases announced today financial results for the quarter and nine months ended September 30, 2006 and a patent cross-license agreement with Palomar Medical Technologies (NASDAQ: PMTI).

Revenues for the third quarter of 2006 increased 23% to a record \$18.6 million from \$15.0 million for the third quarter of 2005. Gross profit margin increased 680 basis points to 60% of total revenues compared with 53% for the same period in 2005.

For the three months ended September 30, 2006, Cynosure recorded a net loss under Generally Accepted Accounting Principles (GAAP) of \$4.2 million, or \$0.38 per share, which includes a \$10.0 million one time charge relating to a payment due Palomar Medical Technologies, Inc. as part of a patent cross licensing agreement between the companies. Comparable GAAP net income for the third quarter of 2005 was \$1.1 million, or \$0.15 per diluted share. Non-GAAP net income, which excludes the licensing payment and stock-based compensation expense, was \$1.9 million, or \$0.16 per diluted share for the third quarter of 2006.

For the nine months ended September 30, 2006, Cynosure revenues increased approximately 34% to \$53.8 million from \$40.1 million for the same period in 2005. Cynosure recorded a GAAP net loss for the first nine months of 2006 of \$2.2 million, or \$0.20 per share, compared with net income of \$1.6 million, or \$0.22 per share, for the same period in 2005. On a non-GAAP basis that excludes the effect of the Palomar agreement, stock-based compensation expense and the Sona MedSpa-related charges, net income for the first nine months of 2006 was \$5.2 million, or \$0.42 per diluted share, compared with \$1.7 million, or \$0.24 per diluted share, for the comparable period in 2005.

Under the Palomar cross license agreement, Cynosure obtains a non-exclusive license to integrate into its product line certain hair removal technology covered by specified U.S. and foreign patents held by Palomar, and Palomar obtains a non-exclusive license under certain U.S. and foreign patents held by Cynosure. Cynosure will make a one-time payment to Palomar of \$10 million for royalties related to prior sales of hair removal-only systems including Cynosure's Apogee® family of products and the PhotoLight™, Acclaim® 7000 and PhotoSilk Plus systems.

Cynosure has agreed to pay a royalty to Palomar on Cynosure's future sales of certain hair removal products until all of the specified patents expire or all of the claims under the specified patents are no longer valid. The royalty rate will range from 3.75% to 7.5% of net sales beginning October 1, 2006 depending upon product configuration and energy sources. On a blended basis, Cynosure's royalty rate is expected to be approximately 3.5% of the Company's



current total revenue. Cynosure's flagship products, including the Affirm™ system, the Cynergy® system with MultiPlex™ technology and the TriActive LaserDermologySM system, are not subject to any past or future royalties under this agreement.

"This agreement also provides a number of intangible benefits," said President and Chief Executive Officer Michael Davin. "With this agreement in place and the patent licensing issues with Palomar resolved, management's time, energy and resources can remain entirely focused on advancing Cynosure's leadership position within the aesthetic laser marketplace. From the perspective of our shareholders, customers and strategic partners, the specter of litigation with Palomar – and the distractions associated with it – has been eliminated."

EL.En., an Italian company, is the parent of a high-.tech industrial group operating in the optoelectronics sector. Based on proprietary technology and multidisciplinary know-how, the El.En Group manufactures laser sources (gas, semiconductor, solid-state and liquid) and innovative laser systems for medical and industrial applications. The El.En. Group is the laser market leader in Italy and among the top operators in Europe. It designs, manufactures and sells worldwide:

- Medical laser equipment used in dermatology, cosmetics, physiotherapy, dentistry and gynecology;
- Industrial laser systems for applications ranging from cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork;
- Laser systems for scientific research

EL.EN has been listed on the Star (MTAX) of Borsa Italiana. Its market floatation is approximately 23% and its market capitalization amounts to €130 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 130 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

For further information:

EL.En. SpA

Enrico ROMAGNOLI
Investor Relator
Tel. +39-055-8826807
finance@elen.it

Polytems HIR

Rita CAMELLI
Press Office
Tel. +39-02-72093955; 335 439571
r.camelli@polytemshir.it

Polytems HIR

Bianca FERSINI MASTELLONI
Financial Communication
Tel.+39-06-6797849 ; +39-06-69923324
b.fersini@polytemshir.it