

**NANOMETRICS INCORPORATED  
CONSOLIDATED BALANCE SHEETS  
(In thousands except share amounts)  
(Unaudited for 2008)**

<b>ASSETS</b>	<u>December 27, 2008</u>	<u>December 29, 2007</u>
Current assets:		
Cash and cash equivalents	\$ 23,980	\$ 14,919
Accounts receivable, net of allowances of \$309 and \$323	17,143	34,855
Inventories	31,583	33,343
Inventories - delivered systems	205	785
Prepaid expenses and other	1,838	2,598
Deferred income tax assets	<u>350</u>	
Total current assets	75,099	86,500
Property, plant and equipment, net	40,136	44,419
Goodwill and indefinite lived intangible assets		52,532
Intangible assets, net	6,901	21,820
Other assets	<u>1,718</u>	<u>1,805</u>
Total assets	<u>\$ 123,854</u>	<u>\$ 207,076</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving line of credit	\$ -	\$ -
Accounts payable	4,824	13,931
Accrued payroll and related expenses	3,435	4,514
Deferred revenue	1,701	2,501
Other current liabilities	5,800	7,243
Income taxes payable	1,187	1,101
Current portion of debt obligations	413	148
Total current liabilities	17,360	29,438
Deferred income taxes	-	382
Other long- term liabilities	644	1,283
Debt obligations due after one year	<u>13,083</u>	<u>129</u>
Total liabilities	31,087	31,232
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; 18,413,054 and 18,620,682, respectively, outstanding	18	19
Additional paid-in capital	189,919	187,180
Accumulated deficit	(96,643)	(13,917)
Accumulated other comprehensive income	<u>(527)</u>	<u>2,562</u>
Total stockholders' equity	<u>92,767</u>	<u>175,844</u>
Total liabilities and stockholders' equity	<u>\$ 123,854</u>	<u>\$ 207,076</u>

**NANOMETRICS INCORPORATED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per share amounts)**

(Unaudited except for the year ended December 29, 2007)

	Three Months Ended		Year Ended	
	December 27, 2008	December 29, 2007	December 27, 2008	December 29, 2007
Net revenues:				
Products	\$ 12,852	\$ 27,485	\$ 75,596	\$ 126,049
Service	<u>7,623</u>	<u>5,708</u>	<u>26,505</u>	<u>20,241</u>
Total net revenues	20,475	33,193	102,101	146,290
Costs of net revenues:				
Cost of products	7,718	13,310	38,692	63,938
Cost of service	<u>4,127</u>	<u>5,258</u>	<u>18,675</u>	<u>20,717</u>
Total costs of net revenues	11,845	18,568	57,367	84,655
Gross profit	8,630	14,625	44,734	61,635
Operating expenses:				
Research and development	4,003	4,591	17,110	18,577
Selling	3,835	4,925	17,798	19,561
General and administrative	3,928	5,166	19,689	21,704
Amortization of intangible assets	316	1,285	3,531	5,782
Restructuring charge	-	-	1,525	2,128
Asset impairment	-	-	68,545	-
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,100)</u>
Total operating expenses	<u>12,082</u>	<u>15,967</u>	<u>128,198</u>	<u>65,652</u>
Income (loss) from operations	(3,452)	(1,342)	(83,464)	(4,017)
Other income (expense):				
Interest income	29	81	185	202
Interest expense	(292)	(70)	(635)	(211)
Other, net	<u>1,060</u>	<u>27</u>	<u>1,624</u>	<u>(13)</u>
Total other income (expense), net	<u>797</u>	<u>38</u>	<u>1,174</u>	<u>(22)</u>
Income (loss) before income tax provision (benefit)	(2,655)	(1,304)	(82,290)	(4,039)
Income tax provision (benefit)	<u>(14)</u>	<u>(29)</u>	<u>436</u>	<u>(31)</u>
Net income (loss)	<u>\$ (2,641)</u>	<u>\$ (1,275)</u>	<u>\$ (82,726)</u>	<u>\$ (4,008)</u>
Net income (loss) per share:				
Basic	<u>\$ (0.14)</u>	<u>\$ (0.07)</u>	<u>\$ (4.46)</u>	<u>\$ (0.22)</u>
Diluted	<u>\$ (0.14)</u>	<u>\$ (0.07)</u>	<u>\$ (4.46)</u>	<u>\$ (0.22)</u>
Shares used in per share computation:				
Basic	<u>18,385</u>	<u>18,604</u>	<u>18,546</u>	<u>18,099</u>
Diluted	<u>18,385</u>	<u>18,604</u>	<u>18,546</u>	<u>18,099</u>

**NANOMETRICS INCORPORATED**  
**RECONCILIATION OF GAAP RESULTS TO EBITDA**  
**(In thousands except share amounts)**  
 (Unaudited)

	Three Months Ended		Year Ended	
	December 27, 2008	December 29, 2007	December 27, 2008	December 29, 2007
Loss from operations	\$ (3,452)	\$ (1,342)	\$ (83,464)	\$ (4,017)
Adjustments:				
Amortization of intangible assets	316	1,285	3,531	5,782
Depreciation	843	1,081	3,675	3,576
Amortization of demonstration systems	342	207	1,223	1,578
Restructuring charge	-	-	1,525	2,128
Asset impairment	-	-	68,545	-
Gain on sale of assets	-	-	-	(2,100)
Earnings (loss) before interest, income taxes, depreciation and amortization excluding certain items ("EBITDA")	\$ (1,952)	\$ 1,231	\$ (4,966)	\$ 6,947