

**NANOMETRICS INCORPORATED  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share amounts)  
(Unaudited)**

<b>ASSETS</b>	September 26, 2009	December 27, 2008
Current assets:		
Cash and cash equivalents	\$ 17,207	\$ 23,980
Accounts receivable, net of allowances of \$311 and \$309, respectively	21,035	17,143
Inventories	31,126	31,583
Inventories - delivered systems	1,290	205
Assets held for sale	220	-
Prepaid expenses and other	1,826	1,838
Deferred income tax assets	693	350
Total current assets	73,397	75,099
Property, plant and equipment, net	37,380	40,136
Intangible assets, net	7,477	6,901
Other assets	1,693	1,718
Total assets	\$ 119,947	\$ 123,854
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving line of credit	\$ 3,500	\$ -
Accounts payable	5,713	4,824
Accrued payroll and related expenses	3,326	3,435
Deferred revenue	3,435	1,539
Other current liabilities	6,808	5,800
Income taxes payable	845	1,187
Current portion of debt obligations	347	413
Total current liabilities	23,974	17,198
Deferred revenue	436	162
Other long-term liabilities	2,629	644
Debt obligations due after one year	12,828	13,083
Total liabilities	39,867	31,087
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; 18,629,915 and 18,413,054, respectively, outstanding	19	18
Additional paid-in capital	191,765	189,927
Accumulated deficit	(112,666)	(96,643)
Accumulated other comprehensive income (loss)	962	(535)
Total stockholders' equity	80,080	92,767
Total liabilities and stockholders' equity	\$ 119,947	\$ 123,854

**NANOMETRICS INCORPORATED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(In thousands, except per share amounts)**  
(Unaudited)

	Three-Months Ended		Nine-Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Net revenues:				
Products	\$ 16,303	\$ 16,311	\$ 29,140	\$ 62,744
Service	<u>9,511</u>	<u>6,826</u>	<u>21,248</u>	<u>18,882</u>
Total net revenues	<u>25,814</u>	<u>23,137</u>	<u>50,388</u>	<u>81,626</u>
Costs of net revenues:				
Cost of products	8,348	8,150	17,249	30,974
Cost of service	<u>3,533</u>	<u>4,778</u>	<u>10,353</u>	<u>14,548</u>
Total costs of net revenues	<u>11,881</u>	<u>12,928</u>	<u>27,602</u>	<u>45,522</u>
Gross profit	13,933	10,209	22,786	36,104
Operating expenses:				
Research and development	4,100	4,430	10,394	13,107
Selling	3,959	4,280	10,832	13,963
General and administrative	3,967	4,935	11,427	15,761
Amortization of intangible assets	418	600	1,124	3,215
Asset impairment	-	55,332	1,899	68,545
Restructuring charge	-	655	1,134	1,525
Total operating expenses	<u>12,444</u>	<u>70,232</u>	<u>36,810</u>	<u>116,116</u>
Profit (Loss) from operations	1,489	(60,023)	(14,024)	(80,012)
Other income (expense):				
Interest income	12	24	39	156
Interest expense	(559)	(240)	(1,106)	(343)
Other, net	<u>546</u>	<u>142</u>	<u>(1,395)</u>	<u>564</u>
Total other income (expense), net	<u>(1)</u>	<u>(74)</u>	<u>(2,462)</u>	<u>377</u>
Profit (Loss) before provision (benefit) for income taxes	1,488	(60,097)	(16,486)	(79,635)
Provision (benefit) for income taxes	<u>(83)</u>	<u>350</u>	<u>(463)</u>	<u>450</u>
Net profit (loss)	<u>\$ 1,571</u>	<u>\$ (60,447)</u>	<u>\$ (16,023)</u>	<u>\$ (80,085)</u>
Net profit (loss) per share:				
Basic	<u>\$ 0.08</u>	<u>\$ (3.25)</u>	<u>\$ (0.87)</u>	<u>\$ (4.31)</u>
Diluted	<u>\$ 0.08</u>	<u>\$ (3.25)</u>	<u>\$ (0.87)</u>	<u>\$ (4.31)</u>
Shares used in per share calculation:				
Basic	<u>18,598</u>	<u>18,574</u>	<u>18,513</u>	<u>18,599</u>
Diluted	<u>19,398</u>	<u>18,574</u>	<u>18,513</u>	<u>18,599</u>

**NANOMETRICS INCORPORATED**  
**RECONCILIATION OF GAAP TO NON-GAAP RESULTS**  
**(In thousands, except per share amounts)**  
(Unaudited)

	Three-Months Ended		Nine-Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Income (loss) from operations	\$ 1,489	\$ (60,023)	\$ (14,024)	\$ (80,012)
Non-GAAP Adjustments:				
Amortization of intangible assets	418	600	1,124	3,215
Depreciation	862	862	2,288	2,832
Amortization of demonstration systems	369	337	1,072	881
Asset impairment	-	55,332	1,899	68,545
Stock-based compensation	852	1,138	1,573	3,137
Restructuring charge	-	655	1,134	1,525
Non-GAAP Operating Income (Loss)	<u>\$ 3,990</u>	<u>\$ (1,099)</u>	<u>\$ (4,934)</u>	<u>\$ 123</u>