

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

ASSETS	January 2, 2010	December 27, 2008
Current assets:		
Cash and cash equivalents	\$ 43,526	\$ 23,980
Accounts receivable, net of allowances of \$241 and \$309, respectively	23,047	17,143
Inventories	31,472	31,583
Inventories - delivered systems	1,175	205
Assets held for sale	220	-
Prepaid expenses and other	2,182	1,838
Deferred income tax assets	245	350
Total current assets	101,867	75,099
Property, plant and equipment, net	36,365	40,136
Intangible assets, net	7,067	6,901
Deferred income tax assets - long term	612	-
Other assets	1,559	1,718
Total assets	\$ 147,470	\$ 123,854
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	\$ -	\$ -
Accounts payable	5,762	4,824
Accrued payroll and related expenses	4,012	3,435
Deferred revenue	5,162	1,539
Other current liabilities	8,952	5,800
Income taxes payable	865	1,187
Current portion of debt obligations	343	413
Total current liabilities	25,096	17,198
Deferred revenue	646	162
Other long-term liabilities	2,235	644
Debt obligations due after one year	12,739	13,083
Total liabilities	40,716	31,087
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; 21,506,791 and 18,413,054, respectively, outstanding	21	18
Additional paid-in capital	218,308	189,927
Accumulated deficit	(112,948)	(96,643)
Accumulated other comprehensive income (loss)	1,373	(535)
Total stockholders' equity	106,754	92,767
Total liabilities and stockholders' equity	\$ 147,470	\$ 123,854

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

	Three-Months Ended		Year Ended	
	January 2, 2010	December 27, 2008	January 2, 2010	December 27, 2008
Net revenues:				
Products	\$ 20,013	\$ 12,852	\$ 49,153	\$ 75,596
Service	6,306	7,623	27,554	26,505
Total net revenues	26,319	20,475	76,707	102,101
Costs of net revenues:				
Cost of products	9,345	7,718	26,594	38,692
Cost of service	3,639	4,127	13,992	18,675
Total costs of net revenues	12,984	11,845	40,586	57,367
Gross profit	13,335	8,630	36,121	44,734
Operating expenses:				
Research and development	4,278	4,003	14,672	17,110
Selling	4,240	3,835	15,072	17,798
General and administrative	3,741	3,928	15,168	19,689
Amortization of intangible assets	411	316	1,535	3,531
Asset impairment	-	-	1,899	68,545
Restructuring charge	-	-	1,134	1,525
Total operating expenses	12,670	12,082	49,480	128,198
Income (loss) from operations	665	(3,452)	(13,359)	(83,464)
Other income (expense):				
Interest income	14	29	53	185
Interest expense	(552)	(292)	(1,658)	(635)
Other, net	(532)	1,060	(1,927)	1,624
Total other income (expense), net	(1,070)	797	(3,532)	1,174
Loss before income taxes	(405)	(2,655)	(16,891)	(82,290)
Provision (benefit) for income taxes	(123)	(14)	(586)	436
Net loss	\$ (282)	\$ (2,641)	\$ (16,305)	\$ (82,726)
Net loss per share:				
Basic	\$ (0.01)	\$ (0.14)	\$ (0.87)	\$ (4.46)
Diluted	\$ (0.01)	\$ (0.14)	\$ (0.87)	\$ (4.46)
Shares used in per share calculation:				
Basic	19,017	18,385	18,639	18,546
Diluted	19,017	18,385	18,639	18,546

NANOMETRICS INCORPORATED
RECONCILIATION OF GAAP TO NON-GAAP RESULTS

(In thousands, except per share amounts)

(Unaudited)

	Three-Months Ended		Year Ended	
	January 2, 2010	December 27, 2008	January 2, 2010	December 27, 2008
Income (loss) from operations	\$ 665	\$ (3,452)	\$ (13,359)	\$ (83,464)
Non-GAAP Adjustments:				
Amortization of intangible assets	411	316	1,535	3,531
Depreciation	865	843	3,152	3,675
Amortization of demonstration systems	332	342	1,405	1,223
Asset impairment	-	-	1,899	68,545
Stock-based compensation	481	744	2,054	3,881
Restructuring charge	-	-	1,134	1,525
Non-GAAP Operating Income (Loss)	<u>\$ 2,754</u>	<u>\$ (1,207)</u>	<u>\$ (2,180)</u>	<u>\$ (1,084)</u>

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