

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

	Fiscal 2011					Fiscal 2012					Fiscal 2013
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
<b>Reconciliation of GAAP gross profit to non-GAAP gross profit</b>											
	<b>GAAP gross profit</b>					<b>\$ 25,066</b>					<b>\$ 10,486</b>
Amortization of intangible assets	34,923	35,872	30,596	20,710	122,101	24,759	22,152	11,951	83,928	658	658
	<u>232</u>	<u>232</u>	<u>203</u>	<u>410</u>	<u>1,077</u>	<u>637</u>	<u>637</u>	<u>629</u>	<u>646</u>	<u>2,549</u>	<u>658</u>
	<b>Non-GAAP gross profit</b>	<b>35,155</b>	<b>36,104</b>	<b>30,799</b>	<b>21,120</b>	<b>123,178</b>	<b>25,703</b>	<b>25,396</b>	<b>22,781</b>	<b>12,597</b>	<b>86,477</b>
											<b>11,144</b>
<b>Reconciliation of GAAP operating income (loss) to non-GAAP operating income (loss)</b>											
	<b>GAAP operating income (loss)</b>					<b>\$ 17,063</b>					<b>\$ (9,603)</b>
Non-GAAP adjustments to operating income (loss):											
Amortization of intangible assets included in cost of revenues	232	232	203	410	1,077	637	637	629	646	2,549	658
Amortization of intangible assets included in operating expenses	174	169	126	156	625	192	195	193	196	776	198
Acquisition-related charges	-	-	682	1,277	1,959	(a)	-	-	-	-	-
Legal settlement	-	-	-	2,500	2,500	(b)	-	-	-	-	-
Asset impairment	-	-	-	-	-	-	-	-	-	-	-
Total non-GAAP adjustments to operating income (loss)	<u>406</u>	<u>401</u>	<u>1,011</u>	<u>4,343</u>	<u>6,161</u>	<u>829</u>	<u>832</u>	<u>822</u>	<u>842</u>	<u>3,325</u>	<u>856</u>
	<b>Non-GAAP operating income (loss)</b>	<b>17,469</b>	<b>17,886</b>	<b>12,757</b>	<b>3,815</b>	<b>51,927</b>	<b>4,935</b>	<b>5,128</b>	<b>4,436</b>	<b>(5,696)</b>	<b>8,803</b>
											<b>(8,747)</b>
<b>Reconciliation of GAAP net income (loss) to non-GAAP net income (loss)</b>											
	<b>GAAP net income (loss)</b>					<b>\$ 10,510</b>					<b>\$ (5,582)</b>
Non-GAAP adjustments to net income (loss):											
Total non-GAAP adjustments to non-GAAP operating income (loss)	406	401	1,011	4,343	6,161	829	832	822	842	3,325	856
Tax effect of non-GAAP adjustments to operating income (loss)	(146)	(144)	(364)	(1,496)	(2,151)	(303)	(304)	(300)	(307)	(1,214)	(306)
Discrete tax adjustment	-	-	-	-	-	655	(1,955)	-	-	(1,300)	(d)
	<b>Non-GAAP net income (loss)</b>	<b>\$ 10,770</b>	<b>\$ 11,344</b>	<b>\$ 8,266</b>	<b>\$ 2,315</b>	<b>\$ 32,695</b>	<b>\$ 2,884</b>	<b>\$ 3,079</b>	<b>\$ 2,425</b>	<b>\$ (3,112)</b>	<b>\$ 5,276</b>
											<b>\$ (5,032)</b>
Per share data:											
	<b>GAAP net income (loss) per diluted share</b>					<b>\$ 0.45</b>					<b>\$ (0.24)</b>
	<u>0.45</u>	<u>0.47</u>	<u>0.32</u>	<u>(0.02)</u>	<u>1.22</u>	<u>0.07</u>	<u>0.19</u>	<u>0.08</u>	<u>(0.16)</u>	<u>0.19</u>	<u>(0.24)</u>
	<b>Non-GAAP net income (loss) per diluted share</b>	<b>\$ 0.46</b>	<b>\$ 0.48</b>	<b>\$ 0.35</b>	<b>\$ 0.10</b>	<b>\$ 1.39</b>	<b>\$ 0.12</b>	<b>\$ 0.13</b>	<b>\$ 0.10</b>	<b>\$ (0.13)</b>	<b>\$ 0.22</b>
											<b>\$ (0.22)</b>
Shares used in non-GAAP diluted income per share calculation	<u>23,397</u>	<u>23,442</u>	<u>23,526</u>	<u>23,687</u>	<u>23,480</u>	<u>23,981</u>	<u>23,877</u>	<u>23,760</u>	<u>23,408</u>	<u>23,845</u>	<u>23,341</u>

**Notes:**

(a) Includes legal, finance and investment banking fees paid in connection with the acquisition of Nanda Technologies, as well as \$474,000 in stock grants made to Nanda employees upon sign-on

(b) Charges associated with the settlement of KLA-Tencor litigation, which was a subsequent event completed in January 2012.

(c) Consists of the favorable impact of the release of \$18.2 million in income tax valuation allowances.

(d) Reflects the tax benefit for certain first quarter foreign losses related to entity classification elections that were approved by the IRS in the second quarter. The tax benefit of these first quarter losses was recorded as a decrease to the second quarter tax provision on a GAAP basis. The discrete tax adjustment for the second quarter also excludes the one-time benefit associate with the recognition of deferred tax assets related to the entity classification elections, resulting in a combined first and second quarter Non-GAAP tax rate of approximately 36.5%.