



CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

One of Nanometrics' core values is to conduct business with integrity. The Company expects all employees to act with honesty and integrity and within the bounds of the law and our ethical standards at all times. This Code of Business Conduct and Ethics (the "Code") is intended to help ensure compliance with legal and ethical requirements and contains general guidelines for conducting the business of Nanometrics Incorporated and its subsidiaries worldwide ("Nanometrics" or the "Company"). All officers, directors, employees, consultants, agents and advisors (referred to as "you" or "employees" in the Code) of the Company are expected to read and understand this Code, uphold these standards in all activities, and comply with all applicable policies and procedures.

Nanometrics adopted this Code to:

- Encourage honest and ethical conduct
- Encourage full, fair, timely and accurate disclosure of financial information and protection of confidential financial information
- Encourage compliance with applicable laws and regulations
- Ensure the protection of the Nanometrics' business interests, assets and confidential information, and
- Deter wrongdoing.

Nanometrics expects strict compliance with all local, state, federal, foreign and other applicable laws, rules and regulations.

1. General Principles

Nanometrics is committed to conducting business lawfully and ethically and the Company expects all employees to act with honesty and integrity at all times. Employees must exercise good judgment in making decisions and maintain a positive and cooperative work environment. These standards apply while working on our premises, at offsite locations, customer sites, Company-sponsored business and social events, trade shows or at any other place where you are or could be considered to be representing the Company.

Each employee is also obligated to make every effort to comply with all applicable laws and regulations, including U.S. laws and all local laws and regulations that apply to the Company. While it is not possible to list all policies and laws to be observed, or all prohibited business practices to be avoided, the Code helps detail Company expectations of every employee. If a law conflicts with a policy in the Code, employees must make every effort to comply with the law. Questions regarding such conflicts should be directed to your supervisor or the General Counsel. Anyone who violates the standards in the Code will be subject to disciplinary action, up to and including termination of employment, so if you find yourself in a situation which may lead to a violation of the Code or applicable laws and regulations, contact your supervisor or the General Counsel.

2. Applicable Laws

All employees must make every effort to comply with all applicable laws. Company employees located outside of the United States must make every effort to comply with the laws and regulations of the United States, including the Foreign Corrupt Practices Act and the U.S. Export Control Act, in addition to applicable local laws.

3. Bribery and Anti-Corruption

You must not offer bribes, accept kick-backs, or participate in corrupt activities of any kind. Nanometrics' requires full compliance with applicable local and U.S. bribery and anti-corruption laws.

No matter where you are located, you must make every effort to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”). The FCPA makes it illegal to offer or pay money or provide gifts, excessive travel or anything of value to any foreign official, or any candidate or official of a foreign political party, for the purpose of influencing them to act or to affect a decision of a foreign official or government agency, in order to obtain or retain business.

All employees, whether located in the United States or abroad, are responsible for FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance with the FCPA and local bribery and anti-corruption laws.

4. Export Controls

A number of countries restrict the shipment of products to certain destinations. The United States maintains such restrictions. The U.S. regulations are complex and apply to certain products we export, even if we ship them from outside of the United States. Software created in the United States may be subject to these regulations even if duplicated and packaged abroad. In certain circumstances, a presentation containing technical data made to foreign nationals in the United States may constitute an “export”. In some cases a license or other government approval is necessary before the product can be exported.

You must make every effort to comply with all procedures put in place by the Company to prevent violation of export laws and refuse to proceed with a transaction if you suspect that a violation has occurred or is about to occur.

5. Antitrust

Most countries have laws designed to encourage and protect free and fair competition. These laws regulate the Company's relationships with its competitors, customers, suppliers and distributors. Nanometrics is committed to obeying both the letter and spirit of these laws. The penalties for violation of antitrust laws are severe and may include criminal sanctions including jail for individuals convicted of violating these laws.

Competition laws address: pricing practices (including price discrimination and price “fixing”), discounting, terms of sale, credit terms, promotional allowances, secret rebates, product bundling, and many other practices.

To comply with competition laws, employees shall make every effort to not:

- communicate with any competitor about pricing or other terms and conditions of sale, or any term that affects pricing or production levels; or
- enter into an agreement or understanding of any kind with any competitor concerning prices, discounts, terms or conditions of sale, profits or profit margins, costs, allocation of geographic markets or customers, limitations on production, boycotts of customers or suppliers, or bids or the intent to bid.

Although the spirit of these laws is straightforward, their application to particular situations can be quite complex. To ensure that the Company fully complies with these laws, you should contact the General Counsel or Chief Financial Officer early on when questionable situations arise.

6. Conflicts of Interest

Each employee has a responsibility to avoid any actual or apparent conflict of interest. This duty does not prevent an employee from engaging in personal transactions and investments, but it does require that you avoid situations where a conflict of interest might occur or appear to be present.

Nanometrics recognizes that certain potential conflicts of interest may arise from time to time that may be unavoidable. For this reason, all potential conflicts of interest, including all facts and circumstances relating to the conflict of interest, must be reported to the General Counsel or the Chief Financial Officer. Disclosure is mandatory: failure to disclose a conflict of interest is a violation of the Code.

A conflict of interest exists where a person's personal or family interests conflict with the interests or benefits of the Company in such a manner as could reasonably be expected to cause the person's judgment to be influenced to make a decision differently than they would otherwise make absent such conflict. Personal conflicts of interest are prohibited as a matter of Company policy, unless the conflict has been waived in writing by the Company. While it is difficult to identify every potential conflict of interest, the following are examples of situations that could create a conflict of interest:

- Having a significant financial interest (ownership or otherwise) in any competing business or company that does business with the Company.
- Serving as a director, manager, consultant, committee member, employee or independent contractor for any organization or company that does business with the Company, or is a competitor.
- Using business opportunities discovered through use of Company property, information, or your position within the Company for personal gain.
- Directly or indirectly competing with the Company in its business.
- Accepting cash, gifts, favors, loans, excessive entertainment or similar benefits from any individual or company that does business or wants to do business with the Company, or is a competitor of the Company.
- Disclosing or using for your benefit confidential or non-public information regarding the Company or other organizations with which the Company does business.
- Participating in or making a Company decision that may result in personal gain for you, your family members or a person with whom you have a close personal relationship.
- Hiring a family member or person with whom you have a close personal relationship, or supervising a family member or person with whom you have a close personal relationship.

Conflicts of interest involving the Company's directors, executive officers or other principal officers may only be waived by the Board of Directors and will be promptly disclosed to the public as required by law.

7. Public Communications.

Only designated employees may communicate information to the press and the financial analyst community. The Company's Chief Executive Officer and Chief Financial Officer, or their designees, are the only authorized Company spokespeople for financial matters. All inquiries or calls from the press and financial analysts should be referred to the Chief Financial Officer. The Chief Executive Officer and designees of the Marketing and Sales Departments are the only Company spokespeople for marketing, technical and product information. These designees are the only people who may communicate with the press on behalf of the Company.

Posting or discussing information concerning Nanometrics' products or business on the Internet, social networking media, or any other public forum without prior written consent of the General Counsel or the Chief Financial Officer is prohibited.

8. Securities Laws/Insider Trading

It is illegal and against Company policy for employees, or any immediate family member, to buy or sell Company securities when aware of material, non-public information. Material, non-public information is any information concerning the Company's business, prospects, securities, or market that an investor might consider important in deciding whether to buy or sell Company securities or that could affect the market price of the securities. In addition, employees may not buy or sell securities of any other company, including the Company's suppliers, customers and other business partners, when in possession of material non-public information about that company. The Company has also imposed a trading blackout period on directors, executive officers and certain designated employees who, as a consequence of their position with the Company, are likely to be exposed to material non-public information about the Company. For more details, and to determine any restrictions from trading during trading blackout periods, employees should review the Company's Insider Trading Policy.

9. Use and Protection of Company Assets

Nanometrics spends considerable resources to develop, maintain and protect the assets used in its business. Every employee is responsible for protecting the Company's physical assets, proprietary information, brand and reputation.

The Company's proprietary and confidential information is a valuable asset, including trade secrets, product architectures, designs, source codes, product plans and road maps, marketing and service plans, customer names, contact information and pricing, names of dealers and employees, and any unpublished financial information. Proprietary and confidential information must be used for Company business purposes only.

Company proprietary information may be stored electronically on laptops, handheld devices, desktops, portable storage devices or in documents or verbal discussions. You are responsible for protecting the proprietary information in your possession. You must endeavor to comply with all security policies and procedures including the use of passwords and prohibitions against removing information from the premises and the use of portable storage devices in some circumstances.

The Company's physical assets include facilities, computers, laptops and other communications systems. Employees are responsible for complying with applicable security and use procedures, including use of passwords, building keys and badges. Any suspected incident of fraud or theft should be immediately reported to your supervisor, the Chief Financial Officer or the General Counsel.

Company computers, email systems and communications devices may be used for reasonable personal use; however, all equipment remains the property of the Company and no employees should assume that the email system, computer or cubicle is private or confidential. Subject to local laws, the Company may search and review any incoming or outgoing communications on all devices.

Unauthorized use or distribution of Company assets violates this policy. It may also be illegal and result in civil or even criminal penalties.

10. Accuracy of Books and Records/Public Information

As a public company, Nanometrics is subject to securities laws, regulations and reporting obligations. The Company is committed to full, fair, accurate, timely and understandable disclosure in all public communications and in the information it provides to its stockholders. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and cause legal liability. The Company expects all employees who provide information for or are involved in the preparation of U.S. Securities and Exchange, (SEC), reports or other public documents to use their best efforts to ensure that the information and disclosures are full, fair, accurate, timely and understandable.

If you become aware of any material information that you believe should be disclosed to the public in the Company's reports filed with the SEC, it is your responsibility to bring such information to the attention of the Chief Financial Officer. If you reasonably believe that questionable accounting or auditing conduct or practices have occurred or are occurring, your concerns should be directed immediately to the Chief Financial Officer or the General Counsel.

11. Fair Dealing and Gift Policy

The Company strives to outperform our competition - and to do it fairly and honestly. The Company does not seek competitive advantages through illegal or unethical business practices. Each employee should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors, and employees. No employee of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain an unfair advantage with customers. You may not give or receive a cash gift. In addition, no gift or entertainment should ever be offered, given, provided, or accepted unless:

- it is consistent with customary business practices
- it is not excessive in value
- it cannot be construed as a bribe or payoff, and
- it does not violate any law or regulation

Employees should contact their supervisor or the General Counsel if they are uncertain as to whether a gift or proposed gift is allowable.

12. Equal Employment Opportunity

The Company is an equal opportunity employer. The Company extends opportunities to all individuals without regard to race, religion, color, sex, national origin, age, disability, sexual orientation or other protected status. This policy affirms the Company's commitment to the principles of fair employment and the elimination of all discriminatory practices. Each employee is expected to comply with this policy.

13. Harassment

Nanometrics will not tolerate conduct that may constitute physical or sexual harassment from any of its employees. It is the Company's goal to create a workplace free from harassment, intimidation, violence and other disruptive behaviors. Employees must not engage in this type of behavior and must actively contribute to a respectful work environment. The Company will investigate accusations of workplace harassment, intimidation, violence or other such disruptive behavior. Any person who violates this policy is subject disciplinary action up to and including termination of employment.

14. Environment, Health and Safety

Nanometrics is committed to providing each person with a safe and healthy work environment. It is the Company's policy to conduct all aspects of its business in a manner that protects human health and the environment, and that meets or exceeds all applicable laws and regulations. Employees have the responsibility to maintain safe work practices by following all safety and health rules, practices and reporting all accidents, injuries and unsafe equipment, practices or conditions.

Employees must report to work in condition to perform their duties, free from the influence of illegal drugs and alcohol, or while otherwise impaired. Reporting to work or working under the influence of alcohol or illegal drugs will not be tolerated.

15. Government Contracts and Relations

It is the Company's policy to fully comply with all applicable laws and regulations that apply to government contracts, contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all local, state, federal, foreign and other applicable laws, rules and regulations.

16. Accounting Practices and Audits

Nanometrics expects all Company-related records to be maintained accurately and in accordance with all applicable laws and regulations. Employees must adhere to the highest ethical standards in generating and maintaining Company records. False, inaccurate or misleading record keeping is prohibited. It is the Company's policy to promptly and fully investigate any incident of fraud or theft relating to the Company. The Company will prosecute individuals engaged in fraud or theft to the fullest extent of the law.

Compliance with Company policies may be monitored by periodic audits. These may be conducted by the Company's outside legal counsel or at the direction of an appropriate Company officer or department. All employees are required to cooperate fully with any such audits and to provide truthful and accurate responses to any request.

17. Waivers

Any waiver of any provision of this Code for a member of the Company's Board of Directors, the principal executive officer, principal financial officer, principal accounting officer, other employees performing similar functions, or other executive officers must be approved in writing by the Company's Board of Directors and promptly disclosed as required by law. Any waiver of any provision of this Code with respect to any other officer, employee, agent, contractor or consultant must be approved in writing by the General Counsel or the Chief Financial Officer.

18. Reporting Violations of Law or the Code: No Retaliation

To protect Nanometrics and its employees, it is essential that all persons promptly and fully report any known or suspected violation(s) of the Code or any laws or policies applicable to the Company. This duty applies whether you are personally involved in the situation or not. Reporting a known or suspected violation of the Code by others should not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of the Company and its employees. All reports of violations of the law or the Code will be treated confidentially to the extent possible consistent with applicable laws and the Company's investigation.

Any person who knows or believes an employee has engaged or is engaging in Company-related conduct that violates the Code should report such information to their supervisor or the General Counsel. Employees may report such conduct openly or anonymously without fear of retaliation.

In order to facilitate a complete investigation of a suspected or known violation, a reporting person should provide as much detail as possible, including a description of the practice or behavior, the name(s) of people involved, name(s) of possible witnesses, dates, times, places, and any other available information.

Reported violations will be investigated appropriately. If the Company determines that a violation of the Code or law has occurred, the Company will take prompt and appropriate corrective action to ensure compliance with legal and ethical requirements. Employees who violate the Code, law or ethical standards of conduct may be subject to corrective action, up to and including termination of employment, and prosecution, where applicable.

The Company strictly prohibits retaliation against any employee who, in good faith, reports known or suspected violations. Any employee who retaliates against an employee for seeking help or making a good faith report shall be subject to disciplinary action, up to and including termination of employment. Employees who believe they have experienced retaliation for reporting possible violations should contact Human Resources or the General Counsel.

Reports that raise material concerns about the Company's accounting practices, internal controls, or audit matters will be referred directly to the Audit Committee of the Board of Directors.

19. Disciplinary Actions

The matters covered in this Code are of the utmost importance to Nanometrics, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. The Company expects all of its employees to adhere to these rules in carrying out their duties.

Nanometrics will take appropriate action against any employee whose actions are found to violate these policies or any other policies of the Company. Disciplinary actions may include immediate termination of employment or business relationship at the Company's sole discretion. If the Company has suffered a loss, then it may pursue its remedies against the individuals or entities responsible. If laws have been violated, then the Company will fully cooperate with the appropriate authorities.

ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS

I have received and read the Code of Business Conduct and Ethics of Nanometrics Incorporated (the “Code”). I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my position. I agree to comply with the Code.

If I have questions concerning the meaning or application of the Code, any company policies or the legal and regulatory requirements applicable to my position, I know I can consult my manager, if applicable, Human Resources or the General Counsel.

I further understand that nothing in this Code is intended to create an employment contract or confer any right to employment.

Employee Name

Signature

Date

Please sign and return this form to Human Resources.