



## INSIDER TRADING POLICY and Guidelines with Respect to Certain Transactions in Company Securities September 29, 2005

(As Revised May 22, 2018)

In order to take an active role in the prevention of insider trading violations by its directors, officers and other employees, as well as by other related individuals, Nanometrics Incorporated (the “**Company**”) has adopted the policies and procedures described in this Insider Trading Policy (this “**Policy**”).

### Applicability of Policy

This Policy applies to all transactions in the Company’s securities, including common stock, options for common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options. It applies to all directors, officers and all other employees of, or consultants or contractors to, the Company, as well as family members of such persons, and others, in each case where such persons have or may have access to Material Nonpublic Information (as defined below in section). This group of people, members of their immediate families, and members of their households are sometimes referred to in this Policy as “**Insiders.**” This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

The Company has identified on Exhibit C attached hereto (“**Designated Insiders**”) who have, or are likely to have, access to the Company’s internal financial statements or other Material Nonpublic Information. Designated Insiders include the directors and officers who are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the rules and regulations there under (“**Section 16 Persons**”). Designated Insiders are subject to the Trading Window, Blackout Period as well as preclearance requirements described in this Policy. The list of Designated Insiders may be amended by the Company from time to time. Under special circumstances, individuals other than the Designated Insiders may come to have access to Material Nonpublic Information for a period of time. During such period, such persons should also refrain from trading in the Company’s securities.

### Compliance Officer

The Company has appointed the Chief Financial Officer, as the Company’s Insider Trading Compliance Officer.

### Statement of Policy

#### General Policy

In general, it is the policy of the Company that any unauthorized disclosure of any nonpublic information acquired in the work-place and any misuse of Material Nonpublic Information in securities trading be prohibited.

#### Specific Policies

1. **Trading on Material Nonpublic Information** No director, officer or other employee of, or consultant or contractor to, the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company’s securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending when two full trading days have passed after the public disclosure of that information, or at such time as such nonpublic information is no longer material. As used herein, the term “**Trading Day**” shall mean a day on which national stock exchanges and The Nasdaq Stock Market are open for trading. A Trading Day begins at the time trading begins on such day.

2. **Tipping** No Insider shall disclose (“tip”) Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company’s securities.

3. **Confidentiality of Nonpublic Information** Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. In the event any director, officer or other employee receives any inquiry from anyone outside the Company, such as a stock analyst, for information (particularly financial results and/or projections) the inquiry should be referred to the Company’s Compliance Officer, who is responsible for coordinating and overseeing the release of such information to the investing public, analysts and others in compliance with applicable laws and regulations.

4. **Blackout Period** All Designated Insiders (contact the Compliance Officer if you are unsure whether you fall into this category) must refrain from engaging in transactions involving a purchase or sale of the Company’s securities, including any offer to purchase or offer to sell, during the period in any fiscal quarter commencing the 15<sup>th</sup> day of the last full calendar month of each fiscal quarter and ending when two full trading days have passed after the public disclosure of the financial results for that quarter (the “**Blackout Period**”). The prohibition against trading during the Blackout Period encompasses the fulfillment of “limit orders” by any broker for a Designated Insider, and the brokers with whom any such limit order is placed, must be so instructed at the time it is placed.

From time to time, the Company may also prohibit Designated Insiders and other employees, consultants or contractors from trading in the Company’s securities because of developments known to such persons in the Company and not yet disclosed to the public. In this event, such persons may not engage in any transaction involving the purchase or sale of the Company’s securities during such period and should not disclose that fact to others.

5. **Regulation BTR Blackouts** Section 16 Persons may also be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction, or Regulation BTR, under U.S. federal securities laws. In general, Regulation BTR prohibits any director or executive officer from engaging in certain transactions involving Company securities during periods when 401(k) plan participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability.

The Company will notify directors and officers if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of law and this Policy.

Currently, the Company's 401(k) Plan offering does not include the option of investing in Company securities, so the situation covered by Regulation BTR would not arise. However, should such an offering become available in the future, Section 16 Persons should be mindful of this restriction.

6. **Prohibition Against Margining of Company Securities** No Section 16 Person of the Company shall margin, or make any offer to margin, any of the Company’s securities as collateral to purchase the Company’s securities or the securities of any other issuer. Notwithstanding the previous sentence, this paragraph is not meant to, and shall not be construed so as to, affect the ability of any Section 16 Person of the Company, from using his or her Nanometrics’ securities as collateral to securitize a bona fide loan. However, if such collateral securities ultimately become the subject of a foreclosure sale, that sale, even though not initiated at the request of the Section 16 Person, is still considered a sale for his or her benefit. If such sale is made at a time when the Section 16 Person was aware of Material Nonpublic Information or otherwise are not permitted to trade in Company securities, it may result in inadvertent insider trading violations, Section 16 and Reg. BTR violations, violations of this Policy, and unfavorable publicity for such Section 16 Person and the Company. For these reasons, Section 16 Persons should exercise caution when using Nanometrics securities as collateral to securitize a bona fide loan.

**7. Prohibition Against Short Sales** No Section 16 Person or employee of the Company shall, directly or indirectly, sell any equity security of the Company if the person selling the security or his principal (1) does not own the security sold, or (2) if owning the security, does not deliver it against such sale (a “**short sale against the box**”) within twenty days thereafter, or does not within five days after such sale, deposit it in the mail or other usual channels of transportation. Generally, a short sale, as defined in this Policy, means any transaction whereby one may benefit from a decline in the Company’s stock price. While employees who are not executive officers or directors are not prohibited by law from engaging in short sales of the Company’s securities, the Company believes it is inappropriate for employees to engage in such transactions.

**8. Prohibition Against Trading in Derivative Securities** No Designated Insider or employee of the Company shall purchase or sell, or make any offer to purchase or offer to sell, derivative securities relating to the Company’s securities, whether or not issued by the Company, such as exchange traded options to purchase or sell the Company’s securities (so called “**puts**” and “**calls**”). This paragraph is not meant to, and shall not be construed as to, affect the ability of the Company to grant options to officers, directors and employees under employee benefit plans or agreements adopted by the Board of Directors or the ability of officers, directors and employees to exercise such options and sell the underlying Common Stock, provided that any such sale is otherwise in accordance with this Policy.

**9. Prohibition Against Internet Disclosure** It is inappropriate for any unauthorized person to disclose Company information on the Internet and more specifically in forums (chat rooms) where companies and their prospects are discussed. Examples of such forums include but are not limited to Yahoo! Finance, Silicon Investor and Motley Fool. The posts in these forums are typically made by unsophisticated investors who are sometimes poorly informed, and generally are carelessly stated or, in some cases, malicious or manipulative and intended to benefit their own stock positions. Accordingly, no director, officer, employee, consultant or contractor or other party related to the Company may discuss the Company or Company-related information in such a forum regardless of the situation. Despite any inaccuracies that may exist (and often there are many), posts in these forums can result in the disclosure of Material Nonpublic Information and may bring significant legal and financial risk to the Company and are therefore prohibited, without exception. Any post that is made by any person with access to Material Nonpublic Information, or information supplied by any such person for someone else to post, will be treated as a violation of this Policy.

### **Potential Criminal and Civil Liability and/or Disciplinary Action**

- 1. Liability for Insider Trading** Pursuant to federal and state securities laws, Insiders may be subject to criminal and civil fines and penalties as well as imprisonment for engaging in transactions in the Company’s securities at a time when they have knowledge of Material Nonpublic Information regarding the Company.
- 2. Liability for Tipping** Insiders may also be liable for improper transactions by any person (commonly referred to as a “**tippee**”) to whom they have disclosed Material Nonpublic Information regarding the Company, or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company’s securities. The Securities and Exchange Commission (the “**SEC**”) has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to uncover insider trading.
- 3. Possible Disciplinary Actions** Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company’s equity incentive plans and/or termination of employment.

## Trading Guidelines and Requirements

1. **Recommended Trading Window** The “Trading Window” is that period of a fiscal quarter during which the Designated Insiders of the Company are not precluded (assuming they do not possess Material Nonpublic Information) from trading in the Company’s securities. The “Trading Window” is defined as the period commencing after two full trading days after the public disclosure of the financial results for a particular fiscal quarter or year and continuing until the close of market on the 14<sup>th</sup> day of the third calendar month of the next fiscal quarter.

The safest period for trading in the Company’s securities, assuming the absence of Material Nonpublic Information, is generally the first ten days of the Trading Window. However, **even during the Trading Window, any person possessing Material Nonpublic Information concerning the Company, whether positive or negative, should not engage in any transactions in the Company’s securities until such information has been known publicly for at least two (2) full trading days.** Trading in the Company’s securities during the Trading Window should **not** be considered a “safe harbor,” and all Designated Insiders, employees and other persons should use good judgment at all times.

2. **Pre-Clearance of Trades** The Company has determined that all Designated Insiders should refrain from trading in the Company’s securities, even during the Trading Window, without first complying with the Company’s “preclearance” process. Each Designated Insider should contact the Company’s Compliance Officer at least two business days in advance of any proposed trade in the Company’s securities **and obtain a preclearance either in the form attached hereto as Exhibit B duly executed by the Compliance Officer or by a confirmed approval by email from the Compliance Officer. Any such preclearance will only be effective until the earliest of two weeks from the preclearance, the end of the applicable Trading Window or such earlier date as may be specified by the Compliance Officer (the “Preclearance Period”). If the preapproved trade has not been consummated within such Preclearance Period or another trade is desired, a new preclearance must be obtained. Further, the Compliance Officer may revoke a preclearance at any time before a previously cleared trade has been made if the Compliance Officer determines that, subsequent to the preclearance, the Company has become in possession of Material Nonpublic Information.** The Company may also find it necessary, from time to time, to require compliance with the preclearance process from certain other employees who have access to Material Nonpublic Information.

3. **Individual Responsibility** Every person subject to this Policy has the individual responsibility to comply with this Policy against insider trading, and appropriate judgment should be exercised in connection with any trade in the Company’s securities. An Insider may, from time to time, have to forego a proposed transaction in the Company’s securities, even if he or she planned to make the transaction before learning of Material Nonpublic Information, and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

### Applicability of Policy to Inside Information Regarding Other Companies

This Policy and the restrictions and guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company’s customers, vendors or suppliers (“**business partners**”), when that information is obtained in the course of employment with, or other services performed for, the Company. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Company’s business partners. All directors, officers and other employees should treat Material Nonpublic Information about the Company’s business partners with the same care required for information related directly to the Company.

### Definition of Material Nonpublic Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company’s securities. In this regard, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered

material. Examples of such information include:

### **Financial Related Events**

- Financial results
- Projections of future earnings or losses
- Stock splits
- New equity or debt offerings
- Changes in dividend policy
- Impending bankruptcy or financial liquidity problems
- Material impairment, write-off or restructuring
- Creation of a material direct or contingent financial obligation

### **Corporate Developments**

- Pending or proposed merger or acquisition
- Disposition or acquisition of significant assets
- Gain or loss of a substantial customer or supplier
- Termination or reduction of business relationship with customer
- Corporate partnership relationship
- Notice of issuance of patents

### **Product Related Events**

- Timing of new product introductions
- New product announcements of a significant nature
- Significant product defects or modifications
- Significant pricing changes
- Major technological innovations

### **Other**

- Significant litigation exposure resulting from actual or threatened litigation
- Major changes in senior management
- Material agreement not in the ordinary course of business (or termination thereof)

Information is considered nonpublic if the information has not been broadly disseminated to the public for a sufficient period of time to be reflected in the price of the security. As a general rule, information should be considered nonpublic until at least *two full trading days* have elapsed after the information is broadly distributed to the public in a press release, a public filing with the SEC, a pre-announced public webcast or through another broad, non-exclusionary form of public communication. However, depending upon the form of the announcement and the nature of the information, it is possible that information may not be fully absorbed by the marketplace until a later time. Any questions as to whether information is nonpublic should be directed to the Compliance Officer. Information that is both “material” and “nonpublic” as described above is referred to in this Policy as “*Material Nonpublic Information.*”

### **Certain Exceptions**

The following are certain limited exceptions to the restrictions imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, all Insiders will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, an Insider may need to comply with the “short-swing” trading restrictions under Section 16 of the Exchange Act, to the extent applicable. All Insiders are responsible for complying with applicable law, at all times.

## **Transactions Pursuant to a Trading Plan That Complies With SEC Rules**

The SEC has enacted rules that provide an affirmative defense against alleged violations of U.S. federal insider trading laws for transactions pursuant to trading plans that meet certain requirements. In general, these rules, as set forth in Rule 10b5-1 under the Securities Exchange Act, provide for an affirmative defense if an insider enters into a contract, provides instruction or adopts a written plan for trading securities when he or she is not aware of Material Nonpublic Information. The contract, instructions or plan must (i) specify the amount, price and date of the transaction, (ii) specify an objective method for determining the amount, price and date of the transaction and/or (iii) place any subsequent discretion for determining the amount, price and date of the transaction in another person who is not, at the time of the transaction, aware of Material Nonpublic Information.

Transactions made pursuant to a written trading plan that (i) complies with the affirmative defense set forth in Rule 10b5-1 and (ii) is reviewed by the Compliance Officer, are not subject to the restrictions in this Policy against trades made while aware of Material Nonpublic Information or to the pre-clearance procedures or blackout periods established under this Policy. In reviewing a trading plan, the Compliance Officer may, in furtherance of the objectives expressed in this Policy, impose criteria in addition to those set forth in Rule 10b5-1. All Insiders should therefore confer with the Compliance Officer prior to entering into any trading plan.

The SEC rules regarding trading plans are complex and must be complied with completely to be effective. The description provided above is only a summary, and the Company strongly advises that a legal advisor be consulted prior to adopting a trading plan. While trading plans are subject to review by the Company, the individual adopting the trading plan is ultimately responsible for compliance with Rule 10b5-1 and ensuring that the trading plan complies with this Policy.

Trading plans must be filed with the Compliance Officer and must be accompanied with an executed certificate, stating that the trading plan complies with Rule 10b5-1 and any other criteria established by the Company. The Company may publicly disclose information regarding any trading plans.

## **Receipt and Vesting of Stock Options, Restricted Stock Units and Stock Appreciation Rights**

The trading restrictions under this Policy do not apply to the acceptance or purchase of stock options, restricted stock units or stock appreciation rights issued or offered by the Company. The trading restrictions under this Policy also do not apply to the vesting, cancellation or forfeiture of stock options, restricted stock or stock appreciation rights in accordance with applicable plans and agreements.

## **Exercise of Stock Options for Cash**

The trading restrictions under this Policy do not apply to the exercise of stock options for cash under the Company's stock option plans. Likewise, the trading restrictions under this Policy do not apply to the exercise of stock options in a stock-for-stock exercise with the Company or an election to have the Company withhold securities to cover tax obligations in connection with an option exercise. However, the trading restrictions under this Policy do apply to (i) the sale of any securities issued upon the exercise of a stock option, (ii) a cashless exercise of a stock option through a broker, since this involves selling a portion of the underlying shares to cover the costs of exercise, and (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

## ***Bona fide* gifts and Inheritance**

The trading restrictions under this Policy do not apply to *bona fide* gifts involving Company securities or transfers by will or the laws of descent and distribution.

## **Change in Form of Ownership**

Transactions that involve merely a change in the form in which an Insider owns securities is permissible. For example, Insiders may transfer shares to an *inter vivos* trust of which he or she is the sole beneficiary during his or her lifetime.

## **Other Exceptions**

Any other exception from this Policy must be approved by the Compliance Officer, in consultation with the Board of Directors or an independent committee of the Board of Directors.

## **Additional Information - Directors and Officers**

Section 16 Persons of the Company must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Exchange Act. The practical effect of these provisions is that officers and directors who purchase and sell the Company's securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of an option under the Company's option plans, nor the exercise of that option, nor the purchase of stock under the Company's employee stock purchase plan is deemed a purchase under Section 16(b); however, the sale of any such shares is a sale under Section 16. Moreover, pursuant to Section 16(c) of the Exchange Act (as well as this Policy), no Section 16 Persons or any other employee may make a short sale of the Company's stock. The Company has provided, or will provide, separate memoranda and other appropriate materials to its officers and directors regarding compliance with Section 16 and its related rules, but the obligation to file Section 16 reports, and to otherwise comply with Section 16, is personal.

## **The Company is not responsible for the failure of a Section 16 Person to comply with Section 16 requirements.**

Pursuant to Section 403 of the Sarbanes-Oxley Act of 2002 (the "Act") persons subject to the reporting requirements of Section 16 must file their statements of change in ownership on Form 4 before the end of the second business day following such change in ownership. The Act does not change the requirement that an individual must file a Form 3 within ten days of becoming a director or officer of the Company.

## **Amendments**

We are committed to continuously reviewing and updating our policies and procedures. The Company therefore reserves the right to amend, alter or terminate this Policy at any time and for any reason, subject to applicable law. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Compliance Officer.

## **Inquiries**

Please direct your questions as to any of the matters discussed in this Policy to the Company's Compliance Officer.



**Insider Trading Policy**

*Exhibit A*

**ACKNOWLEDGMENT CONCERNING INSIDER TRADING POLICY**

By my signature below, I acknowledge that I have read and understand Nanometrics Incorporated's Insider Trading Policy and I agree to abide by its provisions.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_



**Insider Trading Policy**

**INSIDER TRADING COMPLIANCE CLEARANCE *Exhibit B***

To: Nanometrics, Inc.

Pursuant to the Nanometrics, Inc. Insider Trading Policy, I would like clearance for the following proposed transactions in securities of the Company:

Type and Amount of Security Purchase or Sale: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I understand that the above clearance is **only effective until the earliest of (i) two weeks from the preclearance, (ii) the end of the applicable Trading Window, or (iii) such earlier date as may be specified by the Compliance Officer** and may be rescinded prior to my effecting the above transaction if Material Nonpublic Information regarding the Company arises and, in the reasonable judgment of the Company, the completion of my trade would be inadvisable. I also understand that the ultimate responsibility for compliance with the Insider Trading Provisions of the Federal securities laws rests with me, and that clearance of any proposed transaction should not be construed as a guarantee that I will not later be found to have been in possession of material nonpublic information.

\_\_\_\_\_ Signature  
\_\_\_\_\_ Print Name  
\_\_\_\_\_ Telephone Number

Clearance of the above trade is granted by the Compliance Officer

By: \_\_\_\_\_

Date: \_\_\_\_\_



**List of Designated Insiders  
Exhibit C**

(Section 16 Insiders (Board Members and Executive Staff))

Administrative Personnel that report to Executive Staff

Designated Directors and Above Designated Finance

Personnel Designated Human Resources Personnel

Designated IT Personnel

Designated Marketing Personnel

Designated Sales Personnel

Designated Legal Personnel

List of Designated Personnel will be maintained in Human Resources