

NANOMETRICS INC
Form S-4
March 28, 2005
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As filed with the Securities and Exchange Commission on March 28, 2005

Registration No.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

The Securities Act of 1933

NANOMETRICS INCORPORATED

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

3829
(Primary Standard Industrial
Classification Code Number)
1550 Buckeye Drive

94-2276314
(I.R.S. Employer
Identification Number)

Milpitas, California 95035

(408) 435-9600

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Paul B. Nolan

Chief Financial Officer

Nanometrics Incorporated

1550 Buckeye Drive

Milpitas, California 95035

(408) 435-9600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Aaron J. Alter, Esq.

Thomas R. King, Esq.

Michael S. Ringler, Esq.

Robert K. Ranum, Esq.

Wilson Sonsini Goodrich & Rosati

Fredrikson & Byron P.A.

Professional Corporation

200 South Sixth Street

650 Page Mill Road

Suite 4000

Palo Alto, California 94304-1050

Minneapolis, MN 55402-1425

(650) 493-9300

(612) 492-7000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit N/A	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (2)
Common Stock, no par value per share			\$237,531,056	\$28,000

- (1) In accordance with Rule 457(o) under the Securities Act of 1933, as amended, the number of shares is not set forth herein. Pursuant to Rule 457(o), the registration fee has been computed on the basis of the maximum aggregate offering price of shares of registrant's common stock expected to be issued upon completion of the merger of August Technology Corporation with Major League Merger Corporation, a Minnesota corporation and wholly-owned subsidiary of registrant.
- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rules 457 (c) and (f) of the Securities Act of 1933, as amended, based upon the product of: (i) 19,927,102, the maximum number of shares of August Technology common stock that may be exchanged in the merger (the sum of (a) 17,901,593 shares of August Technology common stock outstanding as of March 24, 2005, and (b) 2,025,509 shares of August Technology common stock issuable upon the exercise of outstanding options as of March 24, 2005), multiplied by (ii) \$ 11.92, the average of the high and low prices for shares of August Technology common stock as reported on the Nasdaq National Market on March 23, 2005.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. Registrant may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any representation to the contrary is a criminal offense.

Subject to completion, dated March 28, 2005

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JOINT PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The respective boards of directors of Nanometrics Incorporated, which we refer to as Nanometrics, and August Technology Corporation, which we refer to as August Technology, have unanimously approved the merger of August Technology with Nanometrics pursuant to the terms and conditions of a merger agreement, dated as of January 21, 2005, between Nanometrics and August Technology. Following the completion of this merger, which we refer to as the August merger, Nanometrics will be renamed August Nanometrics Inc. and we sometimes refer to this combined company as August Nanometrics throughout this joint proxy statement/prospectus. If we complete this merger, August Technology shareholders will receive 0.6401 of a share of August Nanometrics common stock for each share of August Technology common stock they own at the completion of the merger and August Technology will become a wholly-owned subsidiary of Nanometrics. Based on the number of shares of Nanometrics and August Technology outstanding on January 21, 2005, August Technology shareholders will hold approximately 46.5% of the fully-diluted shares of August Nanometrics common stock immediately after this merger, and Nanometrics shareholders will hold approximately 53.5% of the fully-diluted shares of August Nanometrics common stock immediately after this merger. Nanometrics common stock trades on the Nasdaq National Market under the symbol NANO.

Nanometrics and August Technology cannot complete the August merger unless Nanometrics shareholders approve the issuance of shares of August Nanometrics common stock in the August merger and August Technology shareholders approve the merger agreement and the August merger. These matters, among others, are included in the proposals to be voted on at the annual meeting of Nanometrics and the special meeting of August Technology, as more fully described in this joint proxy statement/prospectus. More information about Nanometrics, August Technology and the August merger is contained in this joint proxy statement/prospectus. **We encourage you to read this joint proxy statement/prospectus carefully before voting on the August merger, including the section entitled Risk Factors beginning on page 31.**

Nanometrics also is taking this opportunity to call and hold its 2005 annual meeting of shareholders. At the Nanometrics annual meeting, Nanometrics is submitting three additional proposals for the consideration and approval of its shareholders. First, Nanometrics is proposing to reincorporate under the laws of the State of Delaware through a merger with one of its wholly-owned subsidiaries, Minor League Merger Corporation. Throughout this joint proxy statement/prospectus, we refer to this merger as the reincorporation merger. Nanometrics cannot complete the reincorporation merger without the approval of its shareholders, as more fully described in this joint proxy statement/prospectus. The August merger, however, is not contingent on the completion of the reincorporation merger. As a result, if we complete the August merger and the reincorporation merger, August Nanometrics will be a Delaware corporation. If we complete the August merger but not the reincorporation merger, August Nanometrics will be a California corporation. For ease of reference, when we refer to Nanometrics throughout this joint proxy statement/prospectus, we are referring to Nanometrics Incorporated, in its current corporate form as a California corporation or to Minor League Merger Corporation, as the Delaware successor to Nanometrics Incorporated following the reincorporation merger.

Second, Nanometrics is proposing the election of seven directors to its board of directors. If Nanometrics seven director nominees are elected and we do not complete the August merger, Nanometrics new directors will hold office until the next annual meeting of Nanometrics shareholders. If Nanometrics seven director nominees are elected and we complete the August merger, however, four of Nanometrics director nominees will resign

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(leaving three Nanometrics directors on the August Nanometrics board of directors), August Technology will select three of its directors to join the August Nanometrics board of directors and these six directors (the three remaining Nanometrics directors and three directors appointed from the August Technology board of directors) will select a seventh individual to join the August Nanometrics board of directors. Nanometrics has not yet selected the three directors who will remain on the August Nanometrics board of directors nor has August Technology selected the three directors who will join the August Nanometrics board of directors if the August merger is completed.

Third, Nanometrics is proposing that its shareholders ratify the appointment of BDO Seidman, LLP as Nanometrics independent registered public accounting firm for Nanometrics fiscal year ending December 31, 2005.

The Nanometrics board of directors unanimously recommends that Nanometrics shareholders vote:

FOR the proposal to approve the issuance of shares of August Nanometrics common stock in the August merger;

FOR the proposal to approve the reincorporation merger;

FOR Nanometrics seven director nominees to the Nanometrics board of directors; and

FOR the proposal to ratify the appointment of BDO Seidman, LLP as Nanometrics independent registered public accounting firm for Nanometrics fiscal year ending December 31, 2005.

The August Technology board of directors unanimously recommends that the August Technology shareholders vote FOR August Technology's proposal to approve the merger agreement and the August merger.

The proposals are being presented to the respective shareholders of each company at their respective meetings. The dates, times and places of the meetings are as follows:

For Nanometrics shareholders:

, , a.m., local time

For August Technology shareholders:

, , a.m., local time

Your vote is very important. Whether or not you plan to attend your respective company's meeting, please take the time to vote by completing and mailing to us the enclosed proxy card or, if the option is available to you, by granting your proxy electronically over the internet or by telephone. If your shares are held in street name, you must instruct the record holder of your shares in order to vote.

Sincerely,

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John D. Heaton
President and Chief Executive Officer
Nanometrics Incorporated

Jeff L. O Dell
Chairman and Chief Executive Officer
August Technology Corporation

None of the Securities and Exchange Commission, any state securities regulator or any regulatory authority has approved or disapproved of these transactions or the securities to be issued under this joint proxy statement/prospectus or determined if the disclosure in this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated _____, 2005, and is being mailed to shareholders of Nanometrics and August Technology on or about _____, 2005.

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about Nanometrics and August Technology from documents that are not included in or delivered with this joint proxy statement/prospectus. For a more detailed description of the information incorporated by reference into this joint proxy statement/prospectus and how you may obtain it, see the section of this joint proxy statement/prospectus entitled *Additional Information Where You Can Find More Information* beginning on page 185.

You can obtain any of the documents incorporated by reference into this joint proxy statement/prospectus from Nanometrics or August Technology, as applicable, or from the Securities and Exchange Commission, through its website at www.sec.gov. Documents incorporated by reference are available from Nanometrics and August Technology without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this joint proxy statement/prospectus. Nanometrics shareholders and August Technology shareholders may request a copy of such documents by contacting either Nanometrics or August Technology, as appropriate, at:

Nanometrics Incorporated	August Technology Corporation
1550 Buckeye Drive	4900 West 78 th Street
Milpitas, California 95035	Bloomington, Minnesota 55435
Attn: Investor Relations	Attn: Investor Relations

In addition, you may obtain copies of the information relating to Nanometrics, without charge, by sending an e-mail to investors@nanometrics.com or by calling (408) 435-9600.

You may obtain copies of the information relating to August Technology, without charge, by calling The Proxy Advisory Group of Strategic Surveillance, LLC at (866) 657-8728 or (212) 850-8150.

We are not incorporating the contents of the websites of the Securities and Exchange Commission, Nanometrics, August Technology or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this joint proxy statement/prospectus at these websites for your convenience.

In order for you to receive timely delivery of the documents in advance of the Nanometrics annual meeting and August Technology special meeting, Nanometrics or August Technology, as applicable, must receive your request no later than _____, 2005.

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NANOMETRICS INCORPORATED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF NANOMETRICS INCORPORATED:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of Nanometrics Incorporated, a California corporation (Nanometrics), will be held on _____, 2005 at _____ a.m., local time, at the principal offices of Nanometrics located at 1550 Buckeye Drive, Milpitas, California 95035. At the annual meeting, Nanometrics shareholders will consider and vote upon the following:

1. A proposal to approve the issuance of shares of August Nanometrics common stock in connection with the merger of August Technology Corporation with Major League Merger Corporation, a wholly-owned subsidiary of Nanometrics, pursuant to an Agreement and Plan of Merger and Reorganization, dated as of January 21, 2005, by and among Nanometrics, Major League Merger Corporation, Minor League Merger Corporation and August Technology Corporation.

2. A proposal to approve the reincorporation of Nanometrics under the laws of the State of Delaware through a merger of Nanometrics with Minor League Merger Corporation, a wholly-owned subsidiary of Nanometrics.

3. A proposal to elect seven director nominees to the Nanometrics board of directors to serve until the next annual meeting of Nanometrics shareholders at which their respective successors are elected and qualified, or until the earlier of their death, resignation or removal.

4. A proposal to ratify the appointment of BDO Seidman, LLP as Nanometrics independent registered public accounting firm for Nanometrics fiscal year ending December 31, 2005.

5. Such other business as may properly come before the annual meeting or any postponements or adjournments thereof.

The foregoing items of business are more fully described in the joint proxy statement/prospectus accompanying this notice of annual meeting of shareholders.

Only Nanometrics shareholders of record at the close of business on _____, 2005 are entitled to notice of and to vote at the annual meeting and any postponements or adjournments thereof.

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All Nanometrics shareholders are cordially invited to attend the annual meeting in person. However, to ensure representation at the annual meeting, Nanometrics shareholders are urged to mark, sign, date and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any Nanometrics shareholder attending the annual meeting may vote in person even if such shareholder previously returned a proxy card for the annual meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Vincent J. Coates

Chairman of the Board of Directors and Secretary

Milpitas, California

, 2005

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AUGUST TECHNOLOGY CORPORATION

4900 West 78th Street

Bloomington, Minnesota 55435

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON _____, 2005

To the Shareholders of August Technology Corporation:

A special meeting of the shareholders of August Technology Corporation (August Technology) will be held at _____ on _____, 2005 at _____ a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger and Reorganization, dated as of January 21, 2005, by and among Nanometrics Incorporated (Nanometrics), Major League Merger Corporation (Merger Sub 1), Minor League Merger Corporation (Merger Sub 2) and August Technology and the merger contemplated therein. Pursuant to the merger agreement, (a) Nanometrics will be merged with and into Merger Sub 2, a Delaware corporation, to reincorporate Nanometrics under Delaware law, and (b) August Technology will be merged with and into Merger Sub 1 (the August merger), and August Technology will thereby become a wholly-owned subsidiary of Nanometrics. In connection with the August merger, Nanometrics will be renamed August Nanometrics Inc. Holders of August Technology common stock will receive shares of August Nanometrics common stock based upon the exchange ratio described in the accompanying joint proxy statement/prospectus.

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof, including a proposal to adjourn or postpone the special meeting.

The record date for the special meeting is the close of business on _____, 2005. Only August Technology shareholders of record at that time are entitled to notice of and to vote at the special meeting or any adjournment or postponement thereof. To approve the merger agreement and the August merger, the holders of a majority of all the outstanding shares of August Technology common stock must vote in favor of the merger agreement and the August merger.

The attached joint proxy statement/prospectus contains more detailed information regarding the August merger and the merger agreement and includes a copy of the merger agreement.

Your vote is very important. Even if you expect to attend the special meeting, please complete, sign, and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope. If no instructions are indicated on your proxy card, your shares will be

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voted FOR the August merger. If you do not return your proxy card or vote in person, the effect is a vote AGAINST the August merger. You can revoke your proxy at any time before it is exercised by giving written notice to the secretary of August Technology, or filing another proxy, or attending the special meeting and voting in person.

If the merger agreement is approved and the August merger is consummated, you will be sent a letter of transmittal with instructions for surrendering your certificates representing shares of August Technology common stock. Please do not send your share certificates until you receive these materials.

The August Technology board of directors unanimously recommends that you vote FOR the approval of the merger agreement and the August merger.

BY ORDER OF THE BOARD OF DIRECTORS,

Stanley D. Piekos, Chief Financial Officer and Secretary

, 2005

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QUESTIONS AND ANSWERS FOR NANOMETRICS SHAREHOLDERS

The following are some questions that shareholders of Nanometrics may have regarding the matters being considered at the annual meeting of Nanometrics shareholders, as well as brief answers to those questions. Nanometrics urges you to read the remainder of this joint proxy statement/prospectus carefully because the information below does not provide all of the information that might be important to you.

Q: Why am I receiving this joint proxy statement/prospectus?

A: The respective boards of directors of Nanometrics and August Technology have unanimously approved the merger of August Technology with Nanometrics in accordance with the terms and conditions of a merger agreement, dated as of January 21, 2005, between Nanometrics and August Technology. Pursuant to the terms of the merger agreement, August Technology will merge with a wholly-owned subsidiary of Nanometrics and August Technology will thereby become a wholly-owned subsidiary of Nanometrics. We refer to this merger herein as the August merger. In connection with the August merger, Nanometrics will be renamed August Nanometrics Inc. If we complete the August merger, August Technology shareholders will receive 0.6401 of a share of August Nanometrics common stock for each share of August Technology common stock they own at the completion of the August merger. Based on the number of shares of Nanometrics and August Technology outstanding on January 21, 2005, August Technology shareholders will hold approximately 46.5% of the fully-diluted shares of Nanometrics common stock immediately after the August merger, and Nanometrics shareholders will hold approximately 53.5% of the fully-diluted shares of August Nanometrics common stock immediately after the August merger.

Nanometrics and August Technology cannot complete the August merger unless Nanometrics shareholders approve the issuance of shares of August Nanometrics common stock in the August merger. The Nanometrics board of directors is soliciting your proxy to vote FOR Nanometrics proposal to approve the issuance of shares of Nanometrics common stock in the August merger. This joint proxy statement/prospectus describes Nanometrics, August Technology and the August merger so that you may make an informed decision with respect to this merger proposal.

Nanometrics also is taking this opportunity to call and hold its 2005 annual meeting of shareholders. At the Nanometrics annual meeting, Nanometrics is submitting three additional proposals for the consideration and approval of its shareholders. First, Nanometrics is proposing to reincorporate under the laws of the State of Delaware through a merger with one of its wholly-owned subsidiaries, Minor League Merger Corporation. Nanometrics cannot complete the reincorporation merger without the approval of its shareholders, as more fully described in this joint proxy statement/prospectus. *The August merger, however, is not contingent on the completion of the reincorporation merger.* As a result, if Nanometrics and August Technology complete the August merger and the reincorporation merger, August Nanometrics will be a Delaware corporation. However, if Nanometrics and August Technology complete the August merger but not the reincorporation merger, August Nanometrics will be a California corporation.

Second, Nanometrics is proposing the election of seven directors to its board of directors. If Nanometrics seven director nominees are elected and Nanometrics and August Technology do not complete the August merger, Nanometrics new directors will hold office until the next annual meeting of Nanometrics shareholders. If Nanometrics seven director nominees are elected and Nanometrics and August Technology complete the August merger, however, four of Nanometrics director nominees will resign (leaving three Nanometrics directors on the August Nanometrics board of directors), August Technology will select three of its directors to join the August Nanometrics board of directors and these six directors (the three remaining Nanometrics directors and three directors appointed from the August Technology board of directors) will select a seventh individual to join the August Nanometrics board of directors. Nanometrics has not yet selected the three directors who will remain on the August Nanometrics board of directors nor has August Technology selected the three directors who will join the August Nanometrics board of directors if the August merger is completed.

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Third, Nanometrics is proposing that you ratify the appointment of BDO Seidman, LLP as Nanometrics' independent registered public accounting firm for Nanometrics' fiscal year ending December 31, 2005.

Questions and Answers about the August Merger

Q: Why are Nanometrics and August Technology proposing the August merger? (See page 85)

A: Nanometrics and August Technology believe that by combining the highly complementary, non-overlapping product lines of the two companies, August Nanometrics can generate improved long-term operating and financial results and establish a stronger competitive position in the industry. The boards of directors of Nanometrics and August Technology also believe that August Nanometrics will have the ability to provide a more comprehensive and better integrated set of tools to its customers, gain increased access to capital, create additional opportunities for marketing its products, respond more quickly and effectively to technological change, increased consolidation and industry demands, and provide more effective support coverage to its customers.

In addition, the Nanometrics board of directors believes that August Nanometrics can achieve greater scale and presence in the semiconductor equipment industry, provide an opportunity for increased sales and better integrated and broader product line, as well as provide Nanometrics shareholders with the opportunity to participate in the potential for growth of the combined company after the August merger.

Q: What are the risks of the August merger?

A: The August merger involves numerous risks and uncertainties, including, but not limited to, the following: the expense, time and disruption of Nanometrics' business related to integrating the operations of Nanometrics and August Technology; the anticipated benefits and synergies of the August merger may not be realized; the trading price of Nanometrics common stock may decline if the August merger is not completed; and customers, distributors, resellers or others may delay or defer decisions concerning Nanometrics during the pendency, or as a result of, the August merger.

We encourage you to read this joint proxy statement/prospectus carefully, including the section entitled "Risk Factors" beginning on page 31, for a complete discussion of risks associated with the August merger and August Nanometrics.

Q: What will I receive in the August merger? (See page 112)

A: If Nanometrics and August Technology complete the August merger, you will continue to hold the Nanometrics shares that you currently hold and will not receive any payment or other consideration in the August merger. However, your stock certificates will represent shares of August Nanometrics.

Q: What are the United States federal income tax consequences of the August merger to me?

A: You will not recognize any gain or loss for United States federal income tax purposes in respect of your shares of Nanometrics common stock as a result of the August merger.

Q: When do Nanometrics and August expect to complete the August merger?

A: Nanometrics and August Technology are working to complete the August merger as quickly as possible. Nanometrics and August Technology currently expect to complete the August merger by the end of the second quarter of 2005. Nanometrics and August Technology cannot predict the exact timing of the completion of the August merger, however, because it is subject to several conditions beyond their control, including approval by the shareholders of both Nanometrics and August Technology.

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Q: What vote is required by Nanometrics shareholders to proceed with the August merger? (See page 63)

A: Under applicable state law, Nanometrics cannot complete the August merger unless the issuance of shares of August Nanometrics common stock in the August merger is approved by the affirmative vote of the holders of a majority of the shares of Nanometrics common stock represented and voting at the Nanometrics annual meeting.

Q: How does the Nanometrics board of directors recommend that I vote on the August merger? (See page 88)

A: The Nanometrics board of directors unanimously recommends that you vote FOR Nanometrics proposal to approve the issuance of shares of August Nanometrics common stock in the August merger.

Q: Did the Nanometrics board of directors obtain a fairness opinion in connection with its determination to proceed with the August merger? (See page 88)

A: Yes. On January 20, 2005, Adams Harkness, Inc., or Adams Harkness, financial advisor to Nanometrics, provided to the Nanometrics board of directors its oral opinion, which was subsequently confirmed by delivery of a written opinion dated January 20, 2005, that, as of the date of such opinion, the exchange ratio for August Technology common stock provided for in the merger agreement was fair, from a financial point of view, to the holders of Nanometrics common stock. The full text of Adams Harkness written opinion is attached to this joint proxy statement/prospectus as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Adams Harkness opinion is directed to the Nanometrics board of directors and addresses only the fairness from a financial point of view of the exchange ratio for August Technology common stock provided for in the merger agreement as of the date of the opinion. Nanometrics was required to pay Adams Harkness a fee upon the delivery by Adams Harkness of the fairness opinion and has agreed to pay an additional fee upon completion of the August merger.

Q: How do the Nanometrics directors and executive officers intend to vote on the August merger? (See page 126)

A: All of the Nanometrics directors and executive officers have entered into voting agreements with August Technology pursuant to which they have agreed to vote all of their respective shares of Nanometrics common stock in favor of Nanometrics proposal to approve the issuance of shares of August Nanometrics common stock in the August merger.