

**Needham**

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*The Fourteenth Annual*

# Needham Growth Conference

*January 10-12th, 2012, New York City*

## Rudolph Technologies, Inc.

**Paul McLaughlin – CEO**

**Steven Roth – CFO**

*The Leading Growth Company Focused Investment Bank for 27 Years*

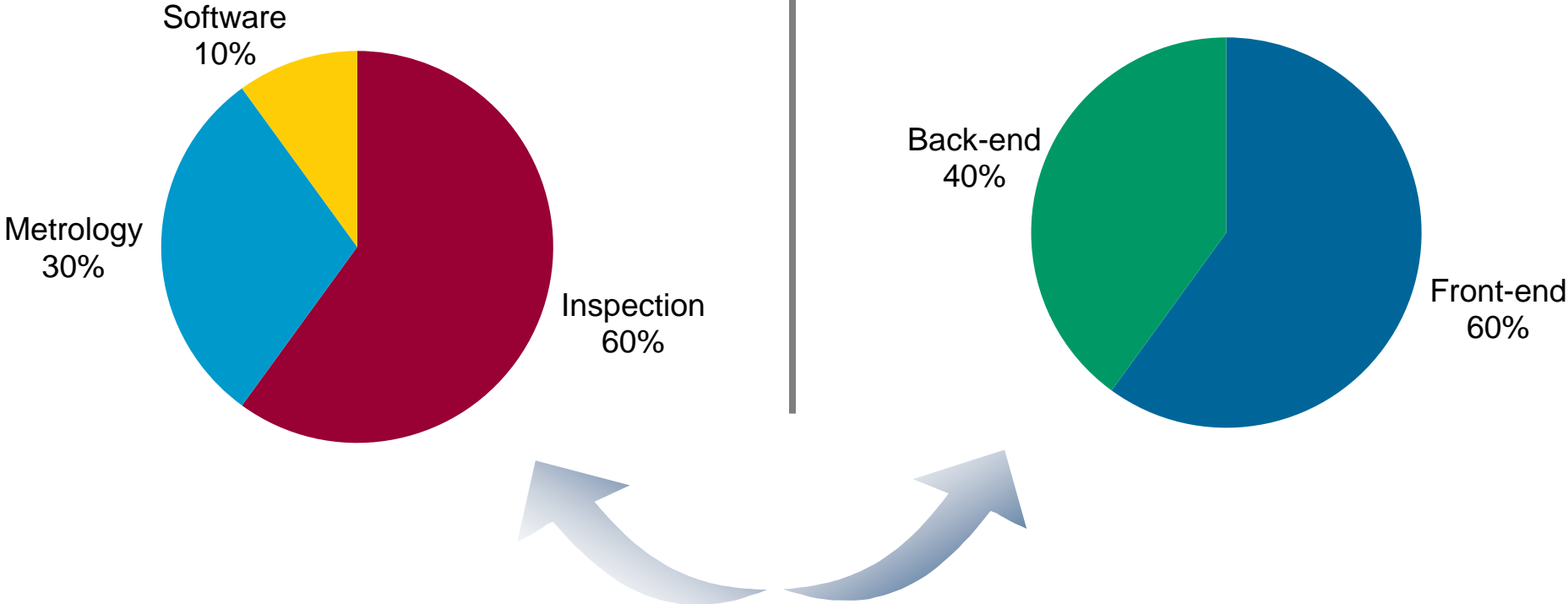
**Needham**

# Safe Harbor Statement

Certain statements in the following material are forward-looking statements, including those concerning anticipated trends and developments in and management plans for, our business and the markets in which we operate. The statements contained in the following material that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, and within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the words such as, but not limited to, “anticipate,” “believe,” “expect,” “intend,” “plan,” “should,” “may,” “could,” “will,” “continue,” “estimate,” and words or phrases of similar meaning, as they relate to our management or us. All forward-looking statements included in this material are based on our assessment of information available to us on the date hereof or thereof and are subject to certain risks, uncertainties and assumptions. The forward-looking statements reflect our position as of the date they were made and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Actual results may differ materially from those projected in such forward-looking statements for a number of reasons including, but not limited to, the following: our ability to weather difficult economic environments, variations in the level of orders which can be affected by general economic conditions and growth rates in the semiconductor manufacturing industry and in the markets served by our customers, the strength/weakness of the back-end and/or front-end semiconductor market segments, our ability to leverage its resources to improve its position in its core markets, our ability to open new market opportunities and target high-margin markets, the international economic and political climates, difficulties or delays in product functionality or performance, the delivery performance of sole source vendors, the timing of future product releases, failure to respond adequately to either changes in technology or customer preferences, changes in pricing by us or our competitors, ability to manage growth, risk of nonpayment of accounts receivable, changes in budgeted costs and other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services. Additional information and considerations regarding the risks faced by the Company are available in its Annual Report on Form 10-K, as amended, for the year ended December 31, 2010 and its other filings with the Securities and Exchange Commission.

# Rudolph Technologies Markets

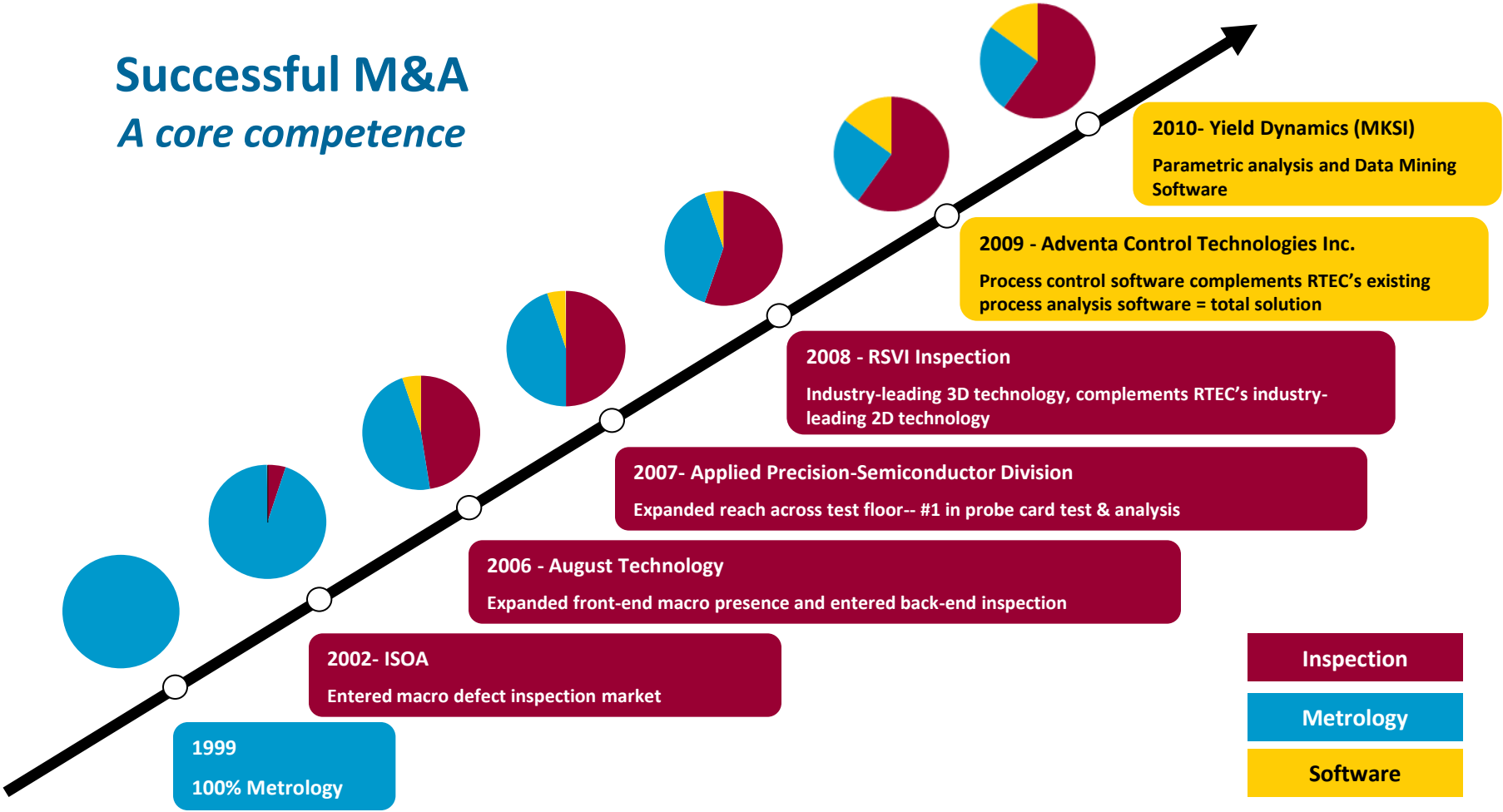
*Process Control Market Growing Faster than Overall Industry*



**TTM Revenue = \$198M**

# Evolution – Building, Diversifying & Growing

Successful M&A  
*A core competence*



*Proven track record with synergistic and value-added partnerships*



# Rudolph Mission...

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## *Planned profitable growth*

Be a clear leader by offering customers  
**“best-of-breed” solutions** in our chosen niches  
and



35%

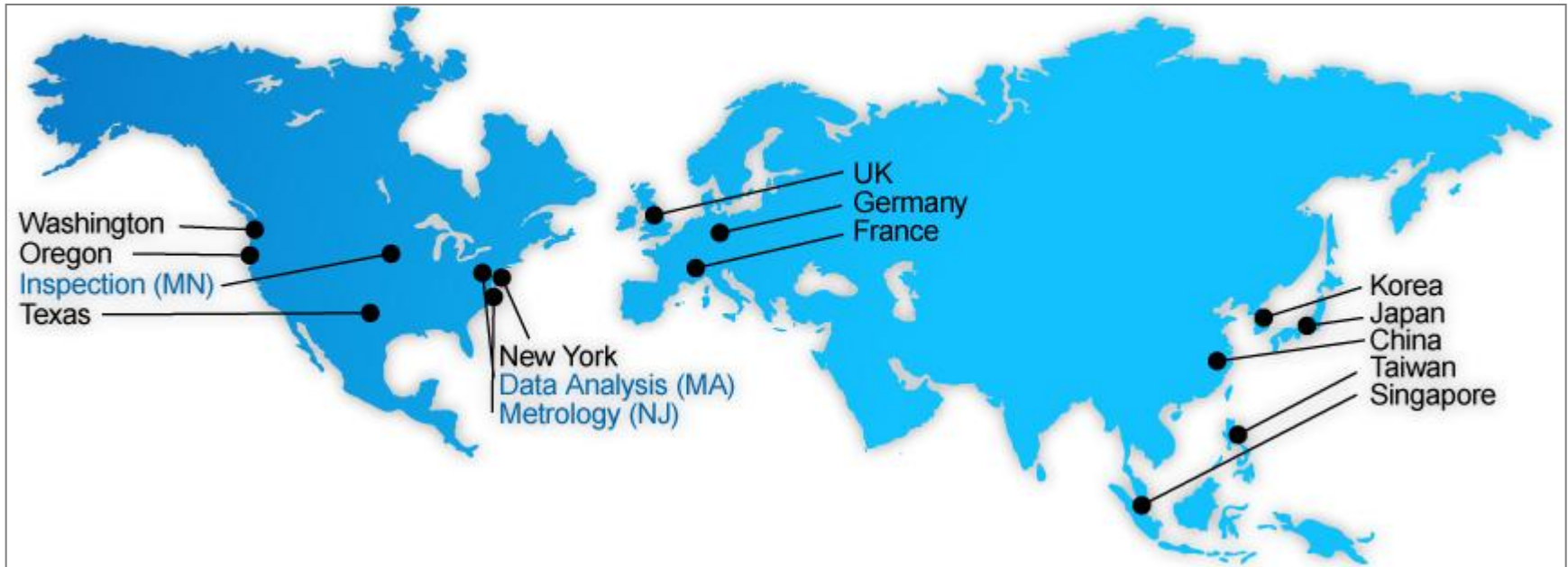
Maintain the **scope** and **scale** necessary  
to provide world-class customer support



35%

## *A desired investment*

# Global Presence with Local Support



- Local sales support
- Local service support
- Local applications support

Distribution Network	≈ 1/3
Engineering	≈ 1/3
Production, G&A + all other	≈ 1/3

# Our Markets and Market Share

## Market Segment

## Share Position

- FE Macro Defect Inspection
- **BE Macro Defect Inspection**
- FE Transparent Film Metrology
- FE Opaque Film Metrology
- **BE Probe Card Test & Analysis**
- **Data Analysis BE & FE**
- LED & PV

- #2
- #1
- #2
- #1
- #1
- #1
- New to market



Front end



Back end

# Market Size and Players

## Macro Defect Detection (Overall)

2010 Market Size -- \$315 million

Rank	Company	Segment Revenue	Segment Market Share	Overall Revenue
1	Rudolph	\$107	34%	\$195
2	KLA-Tencor	\$88	28%	\$2,486
3	Camtek	\$38	12%	\$88
4	Nikon	\$19	6%	\$10,424
	Others	\$63	20%	--

## Thin Film Metrology (Stand-Alone)

2010 Market Size -- \$198 million

Rank	Company	Segment Revenue	Segment Market Share	Overall Revenue
1	KLA-Tencor	\$93	59%	\$2,486
2	Rudolph	\$43	22%	\$195
3	Jordan Valley	\$10	5%	\$28
4	Nanometrics	\$9	5%	\$188
	Others	\$43	22%	--

## Process Control Software

2010 Market Size -- \$59 million

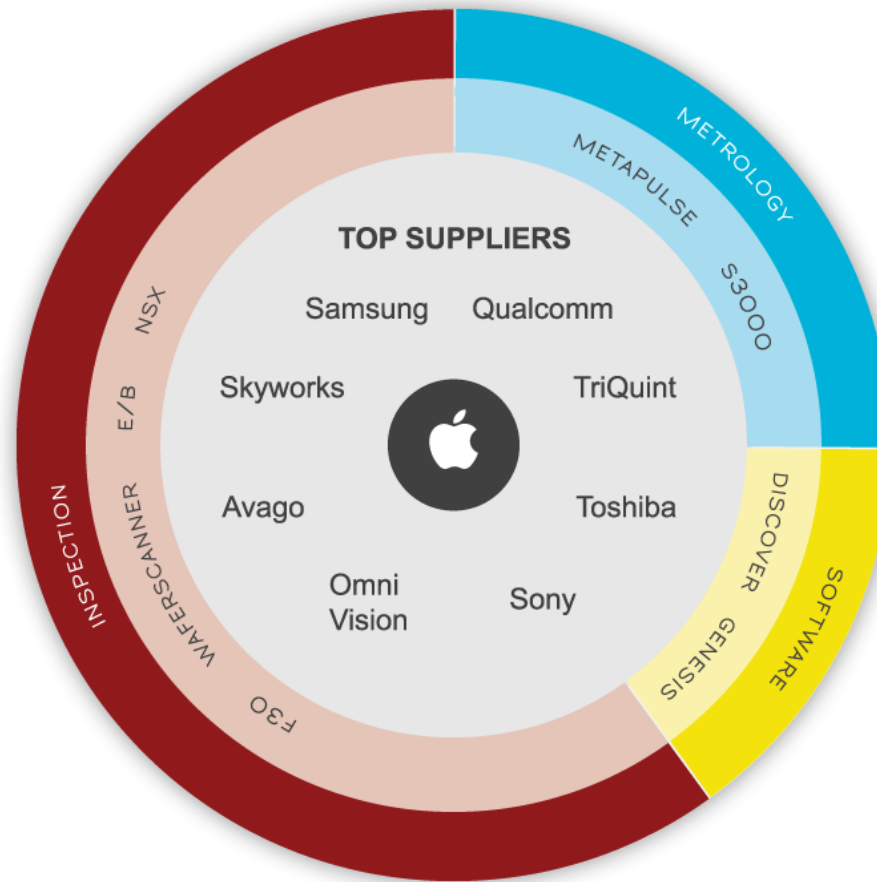
Rank	Company	Segment Revenue	Segment Market Share	Overall Revenue
1	Rudolph	\$15	25%	\$195
2	KLA-Tencor	\$13	22%	\$2,486
3	Synopsis	\$8	14%	\$1,415
4	FEI	\$3	6%	\$634
	Others	\$20	34%	--

Source: Gartner (March 2011) & RTEC Estimates.

# What are the Key Drivers for Rudolph Today?

- **Anything wireless** – cell phones, smart phones, WiFi, etc.
  - Mobile communications
  - Most personal electronics have WiFi chips
- **Anything Apple** – iPad, iPod, iPhone, iMac, etc
  - APPL driving our FE and BE customers e.g Samsung, TSMC, Qualcomm
- **Anything Automotive** –strict out going QA inspection requirements
  - Think MEMS for air bag sensors – you want it to work 100% of the time
- **And** leading edge technologies
  - **Front end semi:** 28nm - 40nm geometry devices and below
  - **Back end semi:** Advanced packaging: eWLB, TSV, stacked packages
  - **Other:** LED's, PV

# Strategic Focus on Apple Supply Chain iPhone 4S



# Organic Investing for Future Growth

- **Making continued R&D investments to assure RTEC is:**
  - Well positioned across technology inflections:
    - Front end node changes at key customers
    - Back end advanced packaging solutions
  - Positioning itself for future market share growth
- **Conducting Joint Development Programs (JDP) with:**
  - OSAT suppliers for Advanced Packaging Solutions
  - Memory suppliers for next gen macro defect solutions
  - Logic suppliers and consortia for 450mm

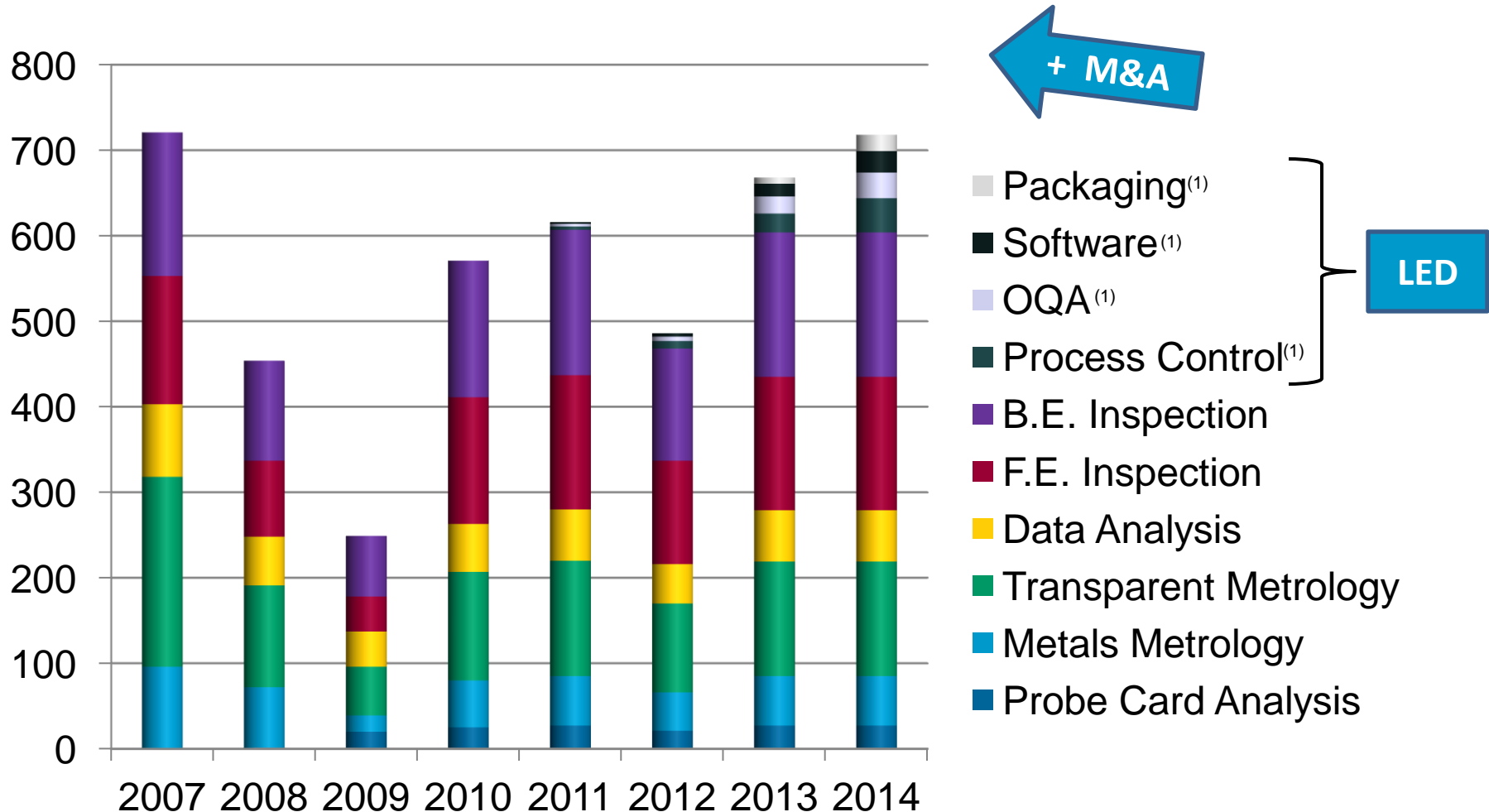
# Leveraging Technology into the LED Market

**Rudolph has been collaborating with a number of LED manufacturers in order to secure technology leadership**

- **Six** different customers
- **Forty** systems in operation
- **Hundreds** of software system licenses
- Both R&D and High Volume Manufacturing
- Both Front-end process control and OQA (out-going quality assurance)
- Installations in US, Europe, and SE Asia

*Leveraging our market-share positions to ensure market leadership in the LED space*

# Rudolph Technologies TAM (Semi and LED)



(1) Based on Strategies Unlimited estimates for LED market and Management estimates for RTEC's opportunity within the market. Garner data; Rudolph estimates.

# Financial Summary



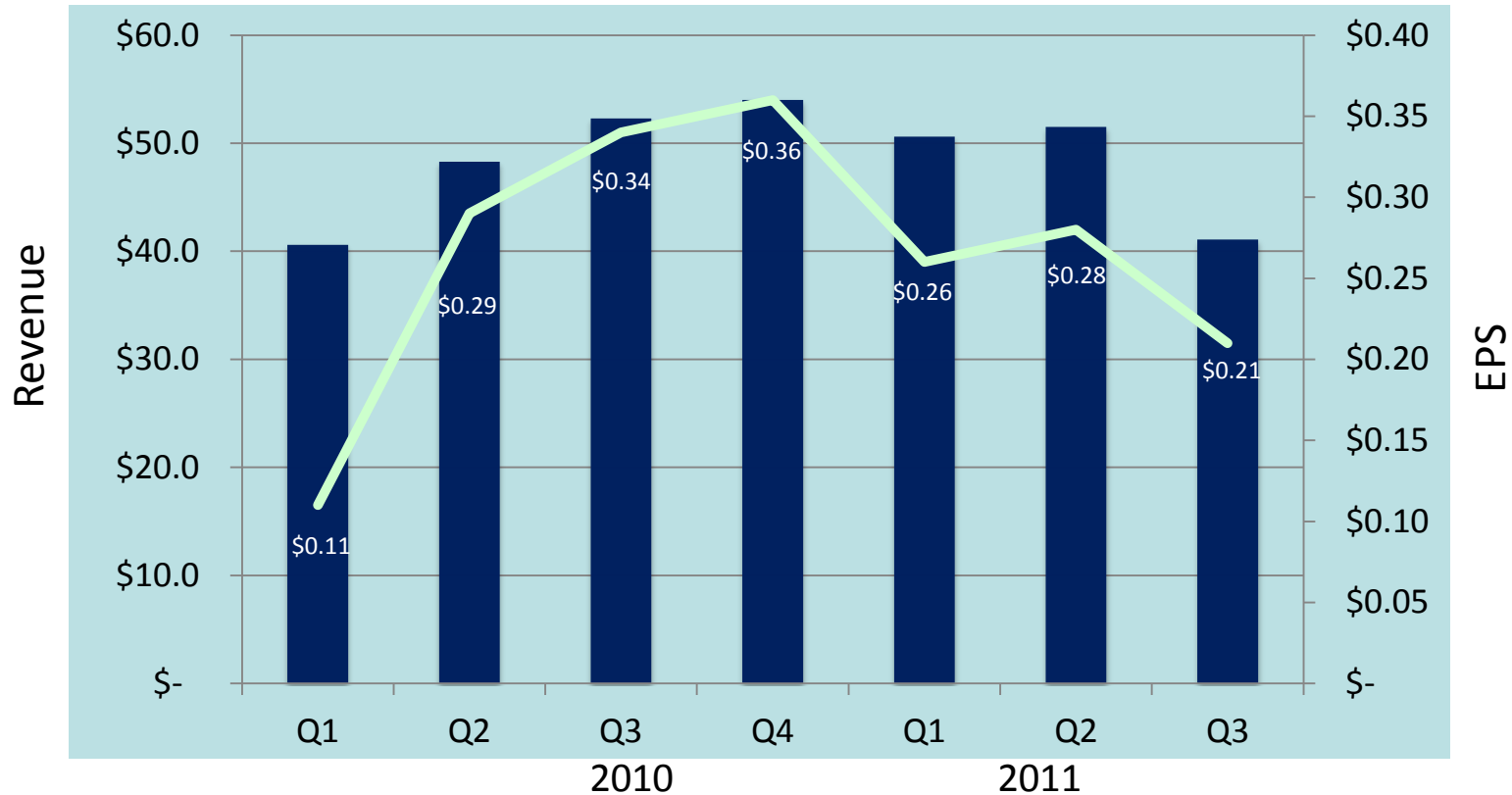
# Structured for Operating and Earnings Leverage

	Q3' 11	Target Model			
		\$40.0	\$50.0	\$60.0	\$70.0
Quarterly Revenue (\$M)	\$41.4				
Gross Margin	54%	54%	56%	58%	59%
<i>Systems GM</i>	53%	58%	59%	59%	60%
<i>Software GM</i>	98%	92%	94%	95%	96%
<i>Service and Upgrades GM</i>	32%	33%	33%	33%	33%
Operating Expense	41%	49%	39%	33%	29%
Operating Income	13%	5%	17%	25%	30%
Non-GAAP Operating Income	16%	11%	22%	29%	33%

Non-GAAP Operating Income excludes restructuring, stock-based compensation and other non-recurring charges.

# 2010 Outstanding... 2011 Strong Performance

(\$ in millions, except EPS amounts)



**TTM Revenue: \$198M**

**TTM eps: Non-GAAP \$1.11, GAAP \$0.89**

# Strong Balance Sheet (as of 9/30/2011)

(\$ in millions)

<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash & Investments	\$157.8	Accounts Payable	\$ 3.5
Accounts Receivable	39.7	Accrued Liabilities	8.8
Inventory	57.8	Other Current Liabilities	10.7
Net Property, Plant & Equip.	11.6	Long term Liabilities	7.3
Intangibles	12.7	Debt	45.9
Other Assets	10.8	Stockholders' Equity	214.2
<b>Total Assets</b>	<b>\$290.4</b>	<b>Total Liab. &amp; Equity</b>	<b>\$ 290.4</b>

# Cash and Investments

- Track record of generating positive cash flow
- History of using cash or cash and stock to fund M&A activities to minimize dilution
- Ability and commitment to invest in R&D even during downturns
- YTD record cash from operations @ \$36M
- \$4.24 net cash per share at 9/30/11



# Senior Convertible Note

- **Details**

- *\$60 million @ 3.75% coupon*
- *35% conversion premium = \$12.95/sh*
- *Call spread: bond hedge at \$13/sh, warrant sale at \$17/sh*

- **Why**

- *Compelling business and economic reasons*
  - *Cost of capital is at a very low point as interest rates have only 1 direction to go - UP*
  - *Unique opportunity to drive growth through scope and scale (need to bulk up)*
  - *Growth through inorganic initiatives: M&A, JDP's, licensing etc.*
    - *Add to our 3 Business Units or add a 4<sup>th</sup>*

**Strategy of planned profitable growth is fundamentally unchanged but we now have increased flexibility to execute**

# 4Q 2011 – Guidance

- **Revenue**

- Q4 revenue to be flat to down 8% (\$38M and \$41M).

- **Earnings**

- Q4 Non-GAAP eps of \$0.07 to \$0.13 per share
- Q4 GAAP eps of \$0.02 to \$0.07 per share

- **Q4 2011**

- Believe Q3 was the low point for bookings for this down cycle which translates into Q4 being the low point for revenues.

*Guidance set forth October 31, 2011. Company assumes no obligation to update guidance*

# Financial Summary

1

Achieving strong results in revenue and profit

2

Levered to attractive industry trends including wireless and Apple products plus increased capital intensity in served markets

3

Track record of generating positive operating cash flows

4

Strong balance sheet - getting stronger

5

Structured for operating and earnings leverage

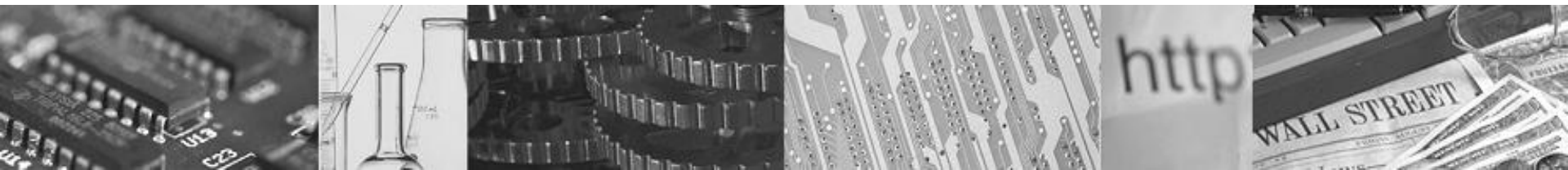
# Investment Highlights

- 1 Broadly diversified across different products and markets
- 2 Successful track record and competency executing M&A
- 3 Leading positions in major market segments
- 4 Track record of strong execution and outperformance of the market
- 5 Securing a leadership position in the LED market



*Process. Control. Yield.*

**Thank You**



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