NEWPORT CORP
Form DEFM14A
March 29, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

NEWPORT CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 29, 2016

Dear Stockholder:

You are invited to attend a special meeting of stockholders of Newport Corporation, a Nevada corporation (the "*Company*," "*Newport*," "*we*" or "*our*"), to be held on April 27, 2016, at 9:00 a.m., local time, at 1791 Deere Avenue, Irvine, California 92606.

On February 22, 2016, we entered into an Agreement and Plan of Merger (the "*Merger Agreement*") with MKS Instruments, Inc., a Massachusetts corporation ("*Parent*"), and its newly formed, wholly owned subsidiary, PSI Equipment, Inc., a Nevada corporation ("*Merger Sub*"), providing for the merger of Merger Sub with and into the Company (the "*Merger*"), with the Company surviving the Merger as a wholly owned subsidiary of Parent. At the special meeting, we will ask you to adopt and approve the Merger Agreement and the transactions contemplated thereby, including the Merger. If the Merger is completed, you will be entitled to receive $23.00 in cash, without interest and subject to deduction for any required withholding tax, for each share of Newport common stock that you own. At the special meeting, you will also be asked to consider and vote upon, on a non-binding, advisory basis, certain compensation that will or may become payable to our named executive officers that is based on or otherwise relates to the Merger.

After careful review and consideration, the board of directors of Newport unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, the Company and its stockholders. After such consideration, the board of directors of Newport approved the Merger Agreement and authorized and approved the Merger upon the terms and conditions set forth in the Merger Agreement.

The board of directors of Newport unanimously recommends that you vote "FOR" the proposal to adopt and approve the Merger Agreement and the transactions contemplated thereby, including the Merger, "FOR" the proposal to postpone or adjourn the special meeting to solicit additional proxies if there are not sufficient votes to adopt and approve the Merger Agreement and the transactions contemplated thereby, including the Merger, if deemed necessary or appropriate by the board of directors of Newport, and "FOR" the non-binding, advisory proposal to approve certain compensation that will or may become payable to our named executive officers that is based on or otherwise relates to the Merger.

Your vote is important. If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting "AGAINST" the proposal to adopt and approve the Merger Agreement and the transactions contemplated thereby, including the Merger. It is important that your shares be represented and voted whether or not you plan to attend the special meeting in person. You may vote on the Internet, by telephone or by completing and mailing the enclosed proxy card. **Voting over the Internet, by telephone or by written proxy will ensure your shares are represented at the special meeting.**

Sincerely,
/s/ ROBERT J. PHILLIPPY

Robert J. Phillippy
President and Chief Executive Officer

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Merger or the Merger Agreement, passed upon the merits or fairness of the Merger, or passed upon the adequacy or accuracy of the disclosure in the accompanying proxy statement. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated March 29, 2016 and is first being mailed to stockholders on or about March 29, 2016.

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NEWPORT CORPORATION

1791 Deere Avenue
Irvine, CA 92606

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on April 27, 2016

To the Stockholders of Newport Corporation:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Newport Corporation ("*Newport*") will be held at our corporate headquarters, located at 1791 Deere Avenue, Irvine, California 92606 on April 27, 2016 at 9:00 a.m., local time, to consider and act on the following proposals at the special meeting:

1. To adopt and approve the Agreement and Plan of Merger, dated as of February 22, 2016 (the "*Merger Agreement*"), by and among Newport, MKS Instruments, Inc., a Massachusetts corporation ("*Parent*"), and PSI Equipment, Inc., a Nevada corporation and a newly formed, wholly owned subsidiary of Parent ("*Merger Sub*"), and the transactions contemplated thereby, including the merger of Merger Sub with and into Newport (the "*Merger*"), with Newport surviving the Merger as a wholly owned subsidiary of Parent (the "*Merger Proposal*"). Pursuant to the terms of the Merger Agreement, each share of Newport common stock issued and outstanding immediately prior to the effective time of the Merger (other than shares held in the treasury of Newport or shares owned, directly or indirectly, by Parent, Merger Sub or any wholly owned subsidiary of Newport, Parent or Merger Sub immediately prior to the effective time of the Merger) will be cancelled and converted into the right to receive $23.00 in cash, without interest and subject to deduction for any required withholding tax;

2. To approve the postponement or adjournment of the special meeting to solicit additional proxies if there are not sufficient votes to approve the Merger Proposal, if deemed necessary or appropriate by the board of directors of Newport (the "*Adjournment Proposal*"); and

3. To approve on a non-binding, advisory basis, certain compensation that will or may become payable to our named executive officers that is based on or otherwise relates to the Merger (the "*Merger-Related Named Executive Officer Compensation Proposal*"), as disclosed pursuant to Item 402(t) of Regulation S-K in "*The Merger Interests of Our Directors and Executive Officers in the Merger Quantification of Payments and Benefits to Our Named Executive Officers*" beginning on page 60 of the accompanying proxy statement.

No other business may be transacted at the special meeting.

The accompanying proxy statement and its annexes, including all documents incorporated by reference into the accompanying proxy statement, more fully describe these items of business. We urge you to read this information carefully.

The board of directors of Newport unanimously recommends that you vote (1) "FOR" the Merger Proposal; (2) "FOR" the Adjournment Proposal; and (3) "FOR" the Merger-Related Named Executive Officer Compensation Proposal. The approval by Newport stockholders of the Merger Proposal is required to complete the Merger described in the accompanying proxy statement.

Only holders of record of shares of our common stock at the close of business on March 21, 2016, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. If you have any questions concerning the Merger, the special meeting or the accompanying proxy statement, need help voting your shares of Newport common stock, or would like additional copies, without charge, of the enclosed proxy

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statement or proxy card, please contact Newport's proxy solicitor, MacKenzie Partners, Inc., using the information below:

Call Collect: (212) 929-5500
Toll Free: (800) 322-2885
Email to: proxy@mackenziepartners.com
Address: 105 Madison Avenue, New York, New York 10016

Your vote is very important. It is important that your shares be represented and voted whether or not you plan to attend the special meeting in person. You may vote by completing and mailing the proxy card enclosed with the proxy statement, or you may grant your proxy electronically via the Internet or by telephone by following the instructions on the proxy card. Submitting a proxy over the Internet, by telephone or by mailing a proxy card will ensure your shares are represented at the special meeting. If your shares are held in "street name," which means your shares are held of record by a broker, bank or other nominee, you should instruct your broker, bank or other nominee how to vote your shares using the voting instruction form furnished by your broker, bank or other nominee. If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting against the Merger Proposal.

By Order of the Board of Directors,

/s/ JEFFREY B. COYNE

Jeffrey B. Coyne,
Senior Vice President, General Counsel and Corporate Secretary

Irvine, California
March 29, 2016

EVEN IF YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY PROXY PRIOR TO THE SPECIAL MEETING. IF YOU CHOOSE TO VOTE BY MAIL, PLEASE DO SO PROMPTLY TO ENSURE YOUR PROXY ARRIVES IN SUFFICIENT TIME.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following questions and answers briefly address some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder of Newport Corporation. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement. We encourage you to read this proxy statement, including the annexes, in its entirety because it explains the proposed merger, the documents related to the merger and other related matters. In this proxy statement, the terms "the Company," "we," "our," "ours," "us" and "Newport" refer to Newport Corporation. We refer to MKS Instruments, Inc. as "Parent" and PSI Equipment, Inc. as "Merger Sub."

Q:

Why am I receiving this proxy statement and proxy card?

A:

You are receiving this proxy statement and proxy card because, as of March 21, 2016, the record date for the determination of stockholders entitled to notice of and to vote at the special meeting (the "*Record Date*"), you owned shares of our common stock, par value $0.1167 per share ("*Company Common Stock*"). We have entered into the Agreement and Plan of Merger, dated as of February 22, 2016 (the "*Merger Agreement*"), by and among Newport, Parent, and Merger Sub. Pursuant to the Merger Agreement, subject to the adoption and approval of the Merger Agreement and the Merger (as defined below) by our stockholders and the satisfaction of other conditions to the completion of the transactions specified in the Merger Agreement, Merger Sub will merge with and into Newport (the "*Merger*"), with Newport surviving the Merger as a wholly owned subsidiary of Parent, and Company Common Stock will be delisted from NASDAQ Global Select Market ("*NASDAQ*"). A copy of the Merger Agreement is attached to this proxy statement as Annex A.

In order to complete the Merger, our stockholders must vote to approve the Merger Proposal (as defined below). We will hold a special meeting of our stockholders to obtain this approval. Our board of directors (the "*Company Board*") is providing this proxy statement to give you information for use in determining how to vote on the proposals submitted to the stockholders at the special meeting. You should read this proxy statement and the annexes carefully. The enclosed proxy card and voting instructions allow you, as a Newport stockholder, to have your shares voted at the special meeting without attending the special meeting. Your proxy is being solicited by the Company Board.

Your vote is very important. If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting "AGAINST" the Merger Proposal (as defined below). We encourage you to submit your proxy as soon as possible.

Q:

When and where is the special meeting?

A:

The special meeting of our stockholders will be held on April 27, 2016, at 1791 Deere Avenue, Irvine, California 92606, at 9:00 a.m. local time.

Q:

What will happen in the Merger?

A:

Merger Sub will be merged with and into the Company, and the separate corporate existence of Merger Sub will cease. The Company will survive the Merger as a wholly owned subsidiary of Parent, and Company Common Stock will be delisted from NASDAQ.

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Q:

As a holder of shares of Company Common Stock, what will I receive in the Merger?

A:

Upon the completion of the Merger, each share of Company Common Stock issued and outstanding immediately prior to the effective time of the Merger (other than shares held in the treasury of Newport, or shares owned, directly or indirectly, by Parent, Merger Sub or any wholly owned subsidiary of Newport, Parent or Merger Sub immediately prior to the effective time of the Merger (collectively, the "*Excluded Shares*")), will be automatically cancelled and converted into the right to receive $23.00 in cash, without interest, and subject to deduction for any required withholding tax. For example, if you own 100 shares of Company Common Stock, you will be entitled to receive $2,300.00 in cash, without interest, and subject to deduction for any required withholding tax, in exchange for your shares. Any withheld amounts will be treated for all purposes as having been paid to the holder of Company Common Stock in respect of whose shares the withholding was made.

Q:

What will holders of Newport equity awards receive in the Merger?

A:

Restricted Stock Units. At the effective time of the Merger, each restricted stock unit (each, a "*Company RSU*") granted under any stock option or equity compensation plan, arrangement or agreement of the Company ("*Company Equity Plans*") that is outstanding immediately prior to the effective time of the Merger and as to which shares of Company Common Stock will not have been fully distributed in connection with the closing of the Merger will be assumed by Parent, and will continue to have and be subject to the same terms and conditions (including the same vesting conditions) as were in effect for such Company RSU immediately prior to the effective time of the Merger, except that such Company RSU will become an award for a number of shares of common stock, no par value, of Parent ("*Parent Common Stock*") equal to the number of shares of Company Common Stock subject to such Company RSU multiplied by a fraction (the "*Equity Award Exchange Ratio*"), the numerator of which will be the merger consideration of $23.00 per share and the denominator of which will be the average of the volume weighted average price per share of Parent Common Stock on NASDAQ over the five consecutive trading days ending on the second complete trading day preceding the closing date for the Merger (with the result rounded down to the nearest whole share).

Stock Appreciation Rights. At the effective time of the Merger, each stock appreciation right granted under a Company Equity Plan (each, a "*Company SAR*"), whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will be assumed by Parent, and will continue to have and be subject to the same terms and conditions (including vesting schedule) as were in effect for such Company SAR immediately prior to the effective time of the Merger, except that such Company SAR will become an award for a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock subject to such Company SAR multiplied by the Equity Award Exchange Ratio (rounded down to the nearest whole share), with a per share base value equal to the per share base value for such Company SAR immediately prior to the effective time of the Merger, divided by the Equity Award Exchange Ratio (rounded up to the nearest whole cent).

Notwithstanding the above, the Merger Agreement provides that the treatment described above may be changed by agreement of the Company and Parent with respect to Company RSUs and Company SARs held by non-U.S. employees and/or non-employee directors of the Company. As permitted by the Merger Agreement, the Company intends to cause all Company RSUs held by non-employee directors of the Company to accelerate and vest in full and be settled immediately prior to the effective time of the Merger.

See the section entitled "*The Merger Agreement Treatment of Newport Equity Awards*" beginning on page 68 of this proxy statement.

Q:

When do you expect the Merger to be completed?

A:

We are working toward completing the Merger as quickly as possible and expect to complete the Merger in the second quarter of 2016. However, because there are certain conditions that must be met before completing the Merger, we cannot be certain of the timing of the completion of the Merger. See the section entitled "*The Merger Agreement Conditions to Completion of the Merger*" beginning on page 85 of this proxy statement.

Q:

What are Newport stockholders being asked to vote on and why is this approval necessary?

A:

Newport stockholders are being asked to consider and vote on the following three proposals:

1. To adopt and approve the Merger Agreement, a copy of which is attached as Annex A to this proxy statement, and the transactions contemplated thereby, including the Merger (the "*Merger Proposal*");

2. To approve the postponement or adjournment of the special meeting to solicit additional proxies if there are not sufficient votes to approve the Merger Proposal, if deemed necessary or appropriate by the Company Board (the "*Adjournment Proposal*"); and

3. To approve on a non-binding, advisory basis, certain compensation that will or may become payable to our named executive officers that is based on or otherwise relates to the Merger (the "*Merger-Related Named Executive Officer Compensation Proposal*"), as disclosed pursuant to Item 402(t) of Regulation S-K in "*The Merger Interests of Our Directors and Executive Officers in the Merger Quantification of Payments and Benefits to Our Named Executive Officers*" beginning on page 60 of this proxy statement.

Newport stockholder approval of the Merger Proposal is required for completion of the Merger. Newport stockholder approval of the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal are not required for completion of the Merger. No other matters are intended to be brought before the special meeting by Newport.

Q:

What do I need to do now?

A:

After carefully reading and considering the information contained in this proxy statement, please vote your shares of Company Common Stock as soon as possible so that your shares of Company Common Stock will be represented at the special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares of Company Common Stock are held in "street name" through your broker, bank or other nominee.

Q:

How do I cast my vote?

A:

Before you vote, you should read this proxy statement, including its annexes, in its entirety and carefully consider how the Merger affects you.

If you were a holder of record of Company Common Stock on the Record Date, you may vote in person at the special meeting, by submitting a proxy for the special meeting by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage paid envelope, or by granting a proxy electronically via the Internet or by telephone by following the instructions on the enclosed proxy card. Internet and telephone proxy submissions are available 24 hours a day, and if you use one of these methods, you do not need to return a proxy card. You must have the enclosed proxy card available, and follow the instructions on such proxy card, in order to grant a proxy over the Internet or telephone.

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If you sign, date and mail your proxy and do not indicate how you want to vote, your proxy will be voted "**FOR**" the Merger Proposal, "**FOR**" the Adjournment Proposal and "**FOR**" the Merger-Related Named Executive Officer Compensation Proposal.

If you hold your shares of Company Common Stock in "street name," which means your shares are held of record by a broker, bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares in accordance with the voting instructions provided by your broker, bank or other nominee. If you do not provide your broker, bank or other nominee with instructions on how to vote your shares, they will not be permitted to vote your shares. A "broker non-vote" occurs with respect to a particular proposal when a nominee holding shares for a beneficial owner returns a valid proxy but does not vote on such proposal because the nominee does not have discretionary voting authority with respect to such proposal and has not received instructions with respect to such proposal from the beneficial owner of the shares. Also, please note that if your shares are held in "street name" and you wish to vote at the special meeting in person, you must bring to the special meeting a legal proxy from the record holder of the shares (your broker, bank or other nominee) authorizing you to vote at the special meeting.

Q:

Who can vote or submit a proxy to vote and attend the special meeting?

A:

All holders of record of Company Common Stock as of the close of business on the Record Date are entitled to receive notice of and to attend and to vote or submit a proxy to vote at the special meeting. If your shares are held of record in an account at a brokerage firm, bank or other nominee, such broker, bank or other nominee is considered the holder of record of your shares and will forward the proxy notice and materials to you with a voting instruction form explaining how to vote your shares. If you want to attend the special meeting and your shares are held of record by a broker, bank or other nominee, then you must bring to the special meeting a legal proxy from the record holder of the shares (your broker, bank or other nominee) authorizing you to vote at the special meeting.

Q:

How does the Company Board recommend that I vote?

A:

The Company Board unanimously recommends that you vote:

"**FOR**" the Merger Proposal;

"**FOR**" the Adjournment Proposal; and

"**FOR**" the Merger-Related Named Executive Officer Compensation Proposal.

Q:

Why is the Company Board recommending that I vote "FOR" the Merger Proposal?

A:

After careful review and consideration, the Company Board, upon the unanimous recommendation of an independent committee of the Company Board, unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, the Company and its stockholders. After such consideration, the Company Board approved the Merger Agreement and authorized and approved the Merger upon the terms and conditions set forth in the Merger Agreement. In reaching its decision to approve the Merger Proposal and, subject to the terms and conditions of the Merger Agreement, to recommend the approval of the Merger Proposal, the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal by our stockholders, the Company Board consulted with our management, as well as our legal and financial advisors, and considered the terms of the proposed Merger Agreement. The Company Board also considered each of the items set forth under "*The Merger Recommendation of the Company Board; Our Reasons for the Merger*" beginning on page 40 of this proxy statement.

Q:

Do any of Newport's directors or executive officers have interests in the Merger that may differ from those of the stockholders?

A:

Yes. Our directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of the stockholders. See the section entitled "*The Merger Interests of Our Directors and Executive Officers in the Merger*" beginning on page 56 of this proxy statement. The members of the Company Board were aware of and considered these interests, among other matters, in evaluating the Merger Agreement and the Merger and in recommending that the stockholders vote to approve the Merger Proposal.

Q:

How does the per share merger consideration compare to the market price of Company Common Stock?

A:

The merger consideration of $23.00 per share of Company Common Stock represents a premium of (i) 57% compared to $14.69, our average closing price for the one-month period ended February 22, 2016, the last trading date prior to public announcement of the proposed Merger, (ii) 52% compared to $15.14, our average closing price for the six-month period ended as of such date, and (iii) 53% compared to the closing price of $15.04 on February 22, 2016, the last trading date prior to public announcement of the proposed Merger.

Q:

What vote of Newport stockholders is required to approve the Merger Proposal?

A:

As a condition of the Merger and assuming a quorum is present, approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote. The obligations of the Company and Parent to complete the Merger are also subject to the satisfaction or waiver of several other conditions as set forth in the Merger Agreement. If you do not vote, or if you indicate on your proxy that you abstain from voting on the Merger Proposal, it will have the same effect as voting "**AGAINST**" the Merger Proposal. **If your shares of Company Common Stock are held in "street name," which means your shares are held of record by a broker, bank or other nominee, and you fail to give voting instructions to your broker, bank or other nominee, it will have the same effect as voting "AGAINST" the Merger Proposal.**

Q:

What vote of Newport stockholders is required to approve the Adjournment Proposal?

A:

The affirmative vote of a majority of the shares of Company Common Stock, present in person or represented by proxy at the special meeting and entitled to vote, is required to approve the Adjournment Proposal, whether or not a quorum is present. If you indicate on your proxy that you abstain from voting on the Adjournment Proposal, it will have the same effect as voting "**AGAINST**" the Adjournment Proposal. If you are a holder of record of Company Common Stock on the Record Date and do not vote, or if your shares of Company Common Stock are held in "street name," which means your shares are held of record by a broker, bank or other nominee, and you fail to give voting instructions to your broker, bank or other nominee with respect to the Adjournment Proposal, it will have no effect on the outcome of the Adjournment Proposal (unless you give voting instructions to your broker, bank, or other nominee with respect to at least one other proposal to be voted on at the special meeting, in which case your failure to give such voting instructions with respect to the Adjournment Proposal will have the same effect as voting "**AGAINST**" the Adjournment Proposal).

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Q:

Why am I being asked to approve the Merger-Related Named Executive Officer Compensation Proposal, on an advisory, non-binding basis?

A:

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "*Dodd-Frank Act*") and rules adopted by the Securities and Exchange Commission (the "*SEC*"), we are required to provide our stockholders with the opportunity to vote to approve, on an advisory, non-binding basis, the compensation arrangements between the Company and its named executive officers that are based on or that otherwise relate to the Merger. Approval of these compensation arrangements is not a condition to completion of the Merger, and the vote with respect to this proposal is advisory only. Accordingly, the vote will not be binding on the Company or Parent, or their respective boards of directors or compensation committees.

Q:

What happens if the stockholders do not approve the Merger-Related Named Executive Officer Compensation Proposal at the special meeting?

A:

Approval of the Merger-Related Named Executive Officer Compensation Proposal is not a condition to the completion of the Merger. The vote with respect to the Merger-Related Named Executive Officer Compensation Proposal is an advisory vote and will not be binding on the Company or Parent, or their respective boards of directors or compensation committees. Further, the underlying arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the Merger is consummated, our named executive officers may become eligible to receive the compensation contemplated by these arrangements in accordance with their respective terms and conditions.

Q:

What vote of Newport stockholders is required to approve the Merger-Related Named Executive Officer Compensation Proposal?

A:

Assuming a quorum is present, the affirmative vote of a majority of the shares of Company Common Stock, present in person or represented by proxy at the special meeting and entitled to vote, is required to approve the Merger-Related Named Executive Officer Compensation Proposal. The vote regarding the Merger-Related Named Executive Officer Compensation Proposal is an advisory vote, and therefore, is not binding on Newport or the Company Board or the Company's compensation committee. If you indicate on your proxy that you abstain from voting on the Merger-Related Named Executive Officer Compensation Proposal, it will have with respect to the Merger-Related Named Executive Compensation Proposal, the same effect as voting "**AGAINST**" the Merger-Related Named Executive Officer Compensation Proposal. If you are a holder of record of Company Common Stock on the Record Date and do not vote, or if your shares of Company Common Stock are held in "street name," which means your shares are held of record by a broker, bank or other nominee, and you fail to give voting instructions to your broker, bank or other nominee, it will have no effect on the outcome of the Merger-Related Named Executive Officer Compensation Proposal (unless you give voting instructions to your broker, bank, or other nominee with respect to at least one other proposal to be voted on at the special meeting, in which case your failure to give such voting instructions with respect to the Merger-Related Named Executive Officer Compensation Proposal will have the same effect as voting "**AGAINST**" the Merger-Related Named Executive Officer Compensation Proposal).

Q:

How many votes am I entitled to cast for each share of Company Common Stock I own?

A:

For each share of Company Common Stock that you owned on the Record Date, you are entitled to cast one vote on each matter to be voted upon at the special meeting. As of the Record Date, there were 38,879,965 shares of Company Common Stock outstanding and entitled to vote, held by 731 stockholders of record based upon the records of our transfer agent, which do not include

beneficial owners of Company Common Stock whose shares are held in the names of various brokers, banks and other nominees.

Q:

What constitutes a quorum?

A:

The presence in person or by proxy of a majority of the shares of Company Common Stock issued and outstanding and entitled to vote on the Record Date is required for a quorum at the special meeting. Abstentions are counted as present for purposes of determining the presence of a quorum. A broker non-vote is counted as present for purposes of determining the presence of a quorum if the beneficial owner whose failure to provide voting instructions with respect to a particular proposal that has resulted in such broker non-vote has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting. Otherwise, a broker non-vote is not counted as present for purposes of determining the presence of a quorum.

Q:

What will happen if I abstain from voting or fail to vote on the proposals or fail to instruct my broker, bank or other nominee to vote on the proposals?

A:

If you indicate on your proxy that you abstain from voting on a proposal, it will have the same effect as a vote against the Merger Proposal, the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal.

If you are the holder of record of your shares of Company Common Stock on the Record Date, and you do not attend the meeting and fail to cast your vote, by proxy card or electronically via the Internet or by telephone, it will have the same effect as a vote against the Merger Proposal, and it will have no effect on the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal.

If your shares of Company Common Stock are held in "street name," which means your shares are held of record by a broker, bank or other nominee, and you fail to give voting instructions to your broker, bank or other nominee, it will have the same effect as a vote against the Merger Proposal, but it will have no effect on the outcome of the Adjournment Proposal or the outcome of the Merger-Related Named Executive Officer Compensation Proposal (unless, in the case of each of the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal, you give voting instructions to your broker, bank or other nominee with respect to at least one other proposal to be voted on at the special meeting, in which case your failure to give such voting instructions with respect to the Adjournment Proposal or the Merger-Related Named Executive Officer Compensation Proposal, as applicable, will have the same effect as voting "**AGAINST**" such proposal).

Q:

When should I submit my proxy?

A:

You should submit your proxy as soon as possible so that your shares will be voted at the special meeting. Proxies must be received by the Company by the day before the meeting in order to be voted at the special meeting.

Q:

Can I change my vote after I have delivered my proxy?

A:

Yes. If you were a Company stockholder of record on the Record Date, you may revoke your proxy and change your vote at any time before your proxy is voted at the special meeting. You can do this in one of four ways:

delivering to our corporate secretary a signed written notice of revocation, bearing a date later than the date of the proxy, stating that the proxy is revoked (written revocations may be sent to

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our Corporate Secretary at our corporate offices at 1791 Deere Avenue, Irvine, California 92606);

signing and delivering a new paper proxy, relating to the same shares and bearing a later date than the original proxy;

submitting another proxy by telephone or over the Internet by 11:59 p.m. Eastern time on the date prior to the date of the special meeting (your latest telephone or Internet proxy submitted by such time will govern); or

attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

If you have instructed a broker, bank or other nominee to vote your shares, you must follow the directions received from your broker, bank or other nominee to change those instructions.

Q:

What should I do if I receive more than one set of voting materials?

A:

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares of Company Common Stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. In order to ensure that all of your shares are voted at the special meeting, please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q:

Am I entitled to dissenters' rights in connection with the Merger?

A:

Because the Company Common Stock was listed on NASDAQ on the Record Date and the merger consideration is cash, you will not be entitled to dissenters' rights under the Nevada Revised Statutes (the "*NRS*").

Q:

Is the Merger expected to be taxable to me?

A:

The Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder (as defined in "*The Merger Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement) whose shares of Company Common Stock are cancelled and converted into the right to receive cash in the Merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any required withholding tax) and the holder's adjusted tax basis in such shares. A "non-U.S. holder" (as defined in "*The Merger Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement) whose shares of Company Common Stock are cancelled and converted into the right to receive cash in the Merger will generally not be required to recognize gain or loss for U.S. federal income tax purposes unless the non-U.S. holder has certain connections to the United States.

You should read "*The Merger Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement for a more complete discussion of the U.S. federal income tax consequences of the Merger.

Because individual circumstances may differ, you should consult your tax advisor to determine the particular U.S. federal, state, local and/or foreign tax consequences of the Merger to you.

Q:

Should I send in my share certificates now?

A:

No, please do not send us your share certificates at this time. After the Merger is completed, Wells Fargo Shareowner Services, our paying agent, will send you a letter of transmittal with written instructions for exchanging your share certificates (and/or any uncertificated shares that you may hold in book entry form) for the merger consideration. These instructions will tell you how and where to send in your certificates for your merger consideration. You will receive your cash payment after the paying agent receives your share certificates and any other documents requested in the instructions.

If you are not a registered stockholder that is, if you hold your shares of Company Common Stock in "street name," then payment of the merger consideration in exchange for your shares will be processed in accordance with the applicable procedures of your broker, bank or other nominee.

Q:

What should I do if I have lost my share certificates?

A:

If you have lost your share certificates, please contact our transfer agent, Wells Fargo Shareowner Services, at (800) 468-9716, to obtain replacement certificates.

Q:

What happens if the Merger is not completed?

A:

If our stockholders do not approve the Merger Proposal or if the Merger is not completed for any other reason, our stockholders will not receive any payment for their shares of Company Common Stock in connection with the Merger. Instead, we would remain an independent public company, and shares of Company Common Stock would continue to be listed and traded on NASDAQ. Under specified circumstances, we may be required to pay Parent a termination fee of $32,600,000 as described in "*The Merger Agreement Transaction Expenses and Termination Fees*" beginning on page 88 of this proxy statement.

Q:

What happens if I sell my shares of Company Common Stock before the special meeting?

A:

The Record Date is earlier than the date of the special meeting and the date that the Merger is expected to be completed. If you transfer your shares of Company Common Stock after the Record Date, but before the special meeting, you will retain your right to vote at the special meeting, but will transfer the right to receive $23.00 per share in cash, without interest and subject to deduction for any required withholding tax, to be received by our stockholders in the Merger. The merger consideration is payable only to those stockholders who hold their shares immediately prior to the effective time of the Merger.

Q:

Are there any other risks to me from the Merger which I should consider?

A:

Yes. There are risks associated with all business combinations, including the Merger. Please see the section titled "*Cautionary Statement Concerning Forward-Looking Statements*" on page 22.

Q:

Who can help answer my questions?

A:

If you have any questions about the Merger or how to submit your proxy, or if you would like additional copies, without charge, of this proxy statement or the enclosed proxy card, you should contact our proxy solicitor, MacKenzie Partners Inc., at:

Call Collect: (212) 929-5500
Toll Free: (800) 322-2885
Email to: proxy@mackenziepartners.com
Address: 105 Madison Avenue, New York, New York 10016

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SUMMARY

This summary, together with the preceding section of this proxy statement entitled "Questions and Answers About the Merger and the Special Meeting," highlights selected information from this proxy statement and may not contain all of the information that is important to you as a stockholder of Newport or that you should consider before voting on the Merger Proposal. To better understand the Merger, you should read carefully this entire proxy statement and all of its annexes, including the Merger Agreement, which is attached as Annex A, before voting on the Merger Proposal. In addition, we incorporate by reference important business and financial information about Newport in this document. Each item in this summary includes a page reference directing you to a more complete description of that item. You may obtain without charge copies of documents incorporated by reference into this proxy statement by following the instructions under "Where You Can Find More Information" beginning on page 99 of this proxy statement.

The Companies (page 28)

Newport Corporation
1791 Deere Avenue
Irvine, CA 92606
(949) 863-3144
www.newport.com

Newport is a global supplier of advanced technology products and systems to a wide range of industries, including scientific research, microelectronics, defense and security, life and health sciences, and industrial markets. Newport provides a broad portfolio of products to customers in these end markets, allowing us to offer them an end-to-end resource for photonics solutions. Newport provides a wide range of photonics technology and products designed to enhance the capabilities and productivity of our customers' precision applications, including: lasers and laser technology, including solid-state lasers, ultrafast lasers and laser systems, tunable lasers and fiber lasers; optical components and subassemblies, including precision laser optics and opto-mechanical subassemblies, optics and lens assemblies for thermal imaging, thin-film optical filters, and ruled and holographic diffraction gratings; photonics instruments, systems and components, including optical power and energy meters, light sources, optical detectors and modulators, laser beam profilers, monochromators, spectroscopy instrumentation, laser diode controllers and drivers, and laser diode burn-in and life test systems; high-precision positioning products and systems; vibration isolation products and systems; and three-dimensional non-contact measurement sensors and equipment.

For additional information about Newport and our business, see the section entitled "Where You Can Find More Information" beginning on page 99 of this proxy statement.

MKS Instruments, Inc.
2 Tech Drive, Suite 201
Andover, MA 01810
(978) 645-5500
www.mksinst.com

MKS Instruments, Inc. was founded in 1961 as a Massachusetts corporation. The company is a global provider of instruments, subsystems and process control solutions that measure, control, power, monitor and analyze critical parameters of advanced manufacturing processes to improve process

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performance and productivity. The company also provides services relating to the maintenance and repair of its products, software maintenance, installation services and training.

PSI Equipment, Inc.
2 Tech Drive, Suite 201
Andover, MA 01810
(978) 645-5500

PSI Equipment, Inc. a Nevada corporation and a wholly owned subsidiary of Parent, was organized solely for the purpose of entering into the Merger Agreement with Newport and completing the Merger and has not conducted any business operations other than those incident to its formation and the transactions contemplated by the Merger Agreement. If the Merger is completed, Merger Sub will cease to exist following its merger with and into Newport.

The Merger (page 28)

Pursuant to the terms of the Merger Agreement, Newport will be acquired by Parent. We encourage you to carefully read in its entirety the Merger Agreement, which is the principal document governing the Merger. The Merger Agreement is attached to this proxy statement as Annex A.

The Merger Agreement provides that Merger Sub will merge with and into Newport, with Newport continuing as the surviving corporation and a wholly owned subsidiary of Parent. Upon the completion of the Merger, each share of Company Common Stock outstanding immediately prior to the effective time of the Merger (other than the Excluded Shares), will be cancelled and converted into the right to receive $23.00 in cash, without interest and subject to deduction for any required withholding tax.

Treatment of Newport Equity Awards (page 68)

Restricted Stock Units. At the effective time of the Merger, each Company RSU granted under any Company Equity Plan that is outstanding immediately prior to the effective time of the Merger and as to which shares of Company Common Stock will not have been fully distributed in connection with the closing of the Merger will be assumed by Parent, and will continue to have and be subject to the same terms and conditions (including the same vesting conditions) as were in effect for such Company RSU immediately prior to the effective time of the Merger, except that such Company RSU will become an award for a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock subject to such Company RSU multiplied by the Equity Award Exchange Ratio (with the result rounded down to the nearest whole share).

Stock Appreciation Rights. At the effective time of the Merger, each Company SAR, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will be assumed by Parent, and will continue to have and be subject to the same terms and conditions (including vesting schedule) as were in effect for such Company SAR immediately prior to the effective time of the Merger, except that such Company SAR will become an award for a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock subject to such Company SAR, multiplied by the Equity Award Exchange Ratio (rounded down to the nearest whole share), with a per share base value equal to the per share base value for such Company SAR immediately prior to the effective time of the Merger, divided by the Equity Award Exchange Ratio (rounded up to the nearest whole cent).

Notwithstanding the above, the Merger Agreement provides that the treatment described above may be changed by agreement of the Company and Parent with respect to Company RSUs and Company SARs held by non-U.S. employees and/or non-employee directors of the Company. As permitted by the Merger Agreement, the Company intends to cause all Company RSUs held by

non-employee directors of the Company to accelerate and vest in full and be settled immediately prior to the effective time of the Merger.

Treatment of Newport's Employee Stock Purchase Plan (page 69)

New offerings under the Company's employee stock purchase plan (the "*Company ESPP*") have been frozen such that no offering or purchase period will begin on or after the date of the Merger Agreement. The Company ESPP will terminate no later than the business day immediately preceding the closing date for the Merger in accordance with its terms in such manner as results in no participant in the Company ESPP having any right at or after the effective time of the Merger to (A) purchase shares of Company Common Stock or any other security of the Company, Parent, the Surviving Corporation or any other person under the Company ESPP or (B) receive any cash payment or other consideration for his or her terminated rights under the Company ESPP (other than a refund of amounts withheld by the Company on behalf of such participant that have not been used to purchase shares of Company Common Stock prior to the termination of the Company ESPP, without interest, pursuant to the terms of the Company ESPP upon the termination of the Company ESPP).

The Newport Special Meeting (page 23)

The special meeting of stockholders will be held on April 27, 2016 at 9:00 a.m., local time, at 1791 Deere Avenue, Irvine, CA 92606. At the special meeting, you will be asked to consider and vote on the Merger Proposal, the Adjournment Proposal, and the Merger-Related Named Executive Officer Compensation Proposal.

Stockholders Entitled to Vote; Record Date (page 24)

Only holders of record of shares of Company Common Stock on the Record Date may vote at the special meeting. For each share of Company Common Stock that you owned on the Record Date, you are entitled to cast one vote on each matter voted upon at the special meeting. On the Record Date, there were 38,879,965 shares of Company Common Stock outstanding and entitled to vote at the special meeting.

Quorum and Vote Required (page 24)

A quorum of stockholders is necessary to hold the special meeting. The required quorum for the transaction of business at the special meeting shall exist when the holders of a majority of the shares of Company Common Stock entitled to vote at the special meeting are either present in person or represented by proxy. If a quorum is not present at the special meeting, we expect that the special meeting will be adjourned to solicit additional proxies. Abstentions count as present for establishing a quorum. A broker non-vote counts for purposes of establishing a quorum if the beneficial owner whose failure to provide voting instructions with respect to a particular proposal that has resulted in such broker non-vote has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting. Otherwise, a broker non-vote does not count for purposes of establishing a quorum.

Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the shares of Company Common Stock entitled to vote. **Failure to vote, by proxy or in person, will have the same effect as a vote "AGAINST" the Merger Proposal**. The Adjournment Proposal will be approved if a majority of the shares of Company Common Stock, present in person or represented by proxy and entitled to vote at the special meeting, vote in favor of the proposal. The Merger-Related Named Executive Officer Compensation Proposal will be approved if a majority of the shares of Company Common Stock, present in person or represented by proxy and entitled to vote at the special meeting, vote in favor of the proposal.

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Shares Owned by Our Directors and Executive Officers (page 25)

As of the Record Date, our directors and executive officers were entitled to vote approximately 728,556 shares of Company Common Stock, or approximately 1.87% of total Company Common Stock outstanding on that date. These numbers do not give effect to outstanding Company RSUs, which are not entitled to vote at the special meeting. Our directors and executive officers have each entered into a stockholder agreement (collectively, the "*Stockholder Agreements*") with Parent. Each Stockholder Agreement (i) requires the applicable stockholder to vote such stockholder's shares of Company Common Stock in favor of (and to grant a proxy to Parent to vote in favor of) adoption and approval of the Merger Agreement and to vote against the approval or adoption of any alternative acquisition proposal and (ii) prohibits the applicable stockholder from transferring such stockholder's shares of Company Common Stock, each subject to the exceptions described in the Stockholder Agreement. A copy of the form of Stockholder Agreement is attached to this proxy statement as Annex B. We currently expect that each of our directors and executive officers will vote their shares in favor of the proposals to be presented at the special meeting, in accordance with the terms of the Stockholder Agreements.

Market Price (page 95)

Company Common Stock is listed on NASDAQ under the symbol "NEWP." On February 22, 2016, the last trading date prior to public announcement of the proposed Merger, Company Common Stock closed at $15.04. On March 24, 2016, the most recent practicable trading date prior to the date of this proxy statement, the closing price per share of Company Common Stock on NASDAQ was $22.96.

We did not declare any dividends on Company Common Stock during 2014 or 2015. In addition, pursuant to the Merger Agreement, we are prohibited from declaring any dividends following execution of the Merger Agreement with respect to any of our capital stock or other securities. Following the Merger, there will be no further market for Company Common Stock.

Recommendation of the Company Board; Our Reasons for the Merger (page 40)

The Company Board unanimously recommends that you vote "**FOR**" the Merger Proposal, "**FOR**" the Adjournment Proposal and "**FOR**" the Merger-Related Named Executive Officer Compensation Proposal.

In considering its decision to approve the Merger Agreement and to authorize and approve the Merger, and, subject to the terms and conditions of the Merger Agreement, to recommend the approval of the Merger Proposal, the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal by our stockholders, the Company Board consulted with our management, as well as our legal and financial advisors, and considered the terms of the proposed Merger Agreement and the transactions set forth in the Merger Agreement, as well as other alternative transactions, including contacts and extensive discussions with other potential acquirers.

The Company Board's reasons for approving the Merger and Merger Agreement, certain factors the Company Board considered in its deliberations in approving the Merger and Merger Agreement, and the recommendations of the Company Board to the Company stockholders regarding the Merger Proposal, the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal are further discussed in the section entitled "*The Merger Recommendation of the Company Board; Our Reasons for the Merger*" beginning on page 40 of this proxy statement.

Interests of Our Directors and Executive Officers in the Merger (page 56)

In considering the recommendation of the Company Board that the stockholders vote to approve the Merger Proposal, the stockholders should be aware that some of our directors and executive

officers have interests in the Merger that are different from, or in addition to, the interests of the stockholders generally. Interests of the directors and executive officers may be different from or in addition to the interests of the stockholders for the following reasons, among others:

- The Merger Agreement provides that, as of the effective time of the Merger, each Company RSU granted under any Company Equity Plan that is outstanding immediately prior to the effective time of the Merger and as to which shares of Company Common Stock have not been fully distributed in connection with the closing of the Merger will be assumed by Parent and continue to be subject to the same terms and conditions (including vesting schedules) as in effect for such Company RSU immediately prior to the effective time of the Merger, except that following the Merger each such Company RSU will become an award for a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock subject to such Company RSU multiplied by the Equity Award Exchange Ratio (with the result rounded down to the nearest whole share).

- The Merger Agreement provides that, as of the effective time of the Merger, each Company SAR, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will be assumed by Parent and continue to be subject to the same terms and conditions (including vesting schedule) as in effect for such Company SAR immediately prior to the effective time of the Merger, except that following the Merger each such Company SAR will become an award for a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock subject to such Company SAR, multiplied by the Equity Award Exchange Ratio (rounded down to the nearest whole share), with a per share base value equal to the per share base value for such Company SAR immediately prior to the effective time of the Merger, divided by the Equity Award Exchange Ratio (rounded up to the nearest whole cent).

- Notwithstanding the above, the Merger Agreement provides that the treatment described above may be changed by agreement of the Company and Parent with respect to Company RSUs and Company SARs held by non-U.S. employees and/or non-employee directors of the Company. As permitted by the Merger Agreement, the Company intends to cause all Company RSUs held by non-employee directors of the Company to accelerate and vest in full and be settled immediately prior to the effective time of the Merger.

- Each of our named executive officers is party to an individual Severance Compensation Agreement (as defined in "*The Merger Interests of Our Directors and Executive Officers in the Merger*" beginning on page 56 of this proxy statement) that provides for severance benefits in the event of certain Qualifying Terminations (as defined in "*The Merger Interests of Our Directors and Executive Officers in the Merger*" beginning on page 56 of this proxy statement) of employment within the period of time commencing on the effective time of the Merger and ending two years after the effective time of the Merger.

- Our directors and executive officers are entitled to continued indemnification, expense advancement and insurance coverage under the Merger Agreement.

These interests are discussed in more detail in the section entitled "*The Merger Interests of Our Directors and Executive Officers in the Merger*" beginning on page 56 of this proxy statement. The members of the Company Board were aware of the different or additional interests described in such section and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger, and in recommending to the stockholders that the Merger Proposal be approved.

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Opinion of J.P. Morgan Securities LLC (page 44 and Annex C)

Pursuant to an engagement letter dated January 28, 2016, we retained J.P. Morgan Securities LLC ("*J.P. Morgan*") as our financial advisor in connection with a potential transaction. We selected J.P. Morgan to act as our financial advisor based on J.P. Morgan's qualifications, expertise, reputation and knowledge of our business and affairs and the industry in which we operate.

At the meeting of the Company Board on February 22, 2016, J.P. Morgan rendered its oral opinion to the Company Board that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to holders of Company Common Stock in the proposed Merger was fair, from a financial point of view, to such holders. J.P. Morgan confirmed its February 22, 2016 oral opinion by delivering its written opinion to the Company Board, dated February 22, 2016, that, as of such date, the consideration to be paid to the holders of Company Common Stock in the proposed Merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan, dated February 22, 2016, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Annex C to this proxy statement and is incorporated herein by reference. Holders of Company Common Stock are urged to read the opinion attached as Annex C to this proxy statement and the summary of the opinion set forth in the section of this proxy statement entitled "*The Merger Opinion of J.P. Morgan Securities LLC*" in their entirety. J.P. Morgan's written opinion was addressed to the Company Board (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed Merger, was directed only to the consideration to be paid in the proposed Merger, did not address any other aspect of the proposed Merger and does not constitute a recommendation to any holder of Company Common Stock as to how such holder should vote at the special meeting. The summary of the opinion of J.P. Morgan set forth in the section of this proxy statement captioned "*The Merger Opinion of J.P. Morgan Securities LLC*" is qualified in its entirety by reference to the full text of such opinion.

For a more complete description, see the section of this proxy statement captioned "*The Merger Opinion of J.P. Morgan Securities LLC.*"

Delisting and Deregistration of Company Common Stock (page 61)

If the Merger is completed, Company Common Stock will no longer be listed on NASDAQ, we will be deregistered under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and we will no longer file periodic reports with the SEC.

The Merger Agreement (page 67)

Conditions to Completion of the Merger

The obligation of each party to effect the Merger is subject to the satisfaction at or prior to the effective time of the Merger of the following conditions:

- The Merger Agreement and the Merger will have been adopted and approved by the Company's stockholders at a meeting of the Company's stockholders;

- No temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or other legal restraint or prohibition shall be in effect, and no law shall have been enacted, entered, promulgated, enforced or deemed applicable by any governmental entity that, in any case, prohibits or makes illegal the consummation of the Merger; and

- Any applicable waiting periods will have expired or been terminated, and any approvals required will have been obtained, in each case relating to the transactions contemplated by the Merger

Agreement under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "*HSR Act*") or under the antitrust law of Germany or Israel, as specified in the disclosure letter delivered by the Company to Parent in connection with the Merger Agreement.

The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver at or prior to the effective time of the Merger of the following conditions:

Subject to specified qualifications and exceptions, the truth and correctness of the representations and warranties of Parent and Merger Sub contained in the Merger Agreement as of the date of the Merger Agreement and the effective time of the Merger;

Parent and Merger Sub will have performed in all material respects all obligations required to be performed by them under the Merger Agreement at or prior to the effective time of the Merger; and

The receipt by the Company of a certificate executed by an executive officer of Parent certifying the satisfaction of the foregoing conditions.

The obligation of the Parent and Merger Sub to effect the Merger is also subject to the satisfaction or waiver at or prior to the effective time of the Merger of the following conditions:

Subject to specified qualifications and exceptions, the truth and correctness of the Company's representations and warranties contained in the Merger Agreement as of the date of the Merger Agreement and the effective time of the Merger;

The Company will have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger;

Since the date of the Merger Agreement, there shall not have occurred any event, change, occurrence or effect that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect, as discussed in the section entitled "*The Merger Agreement Representations and Warranties*" beginning on page 70 of this proxy statement;

The absence of certain pending suits, actions or proceedings by any governmental entity; and

The receipt by Parent of a certificate executed by each of the Company's chief executive officer and chief financial officer certifying the satisfaction of the foregoing conditions.

No-Shop; Acquisition Proposals; Change in Recommendation

Following the date of the Merger Agreement, the Company and its subsidiaries, and their respective officers, directors, employees, agents, advisors and representatives, may not, directly or indirectly: (i) initiate, solicit, knowingly facilitate or knowingly encourage any inquiries, proposals or offers with respect to, or the making or completion of, an Acquisition Proposal (as defined in "*The Merger Agreement No-Shop; Acquisition Proposals; Change in Recommendation*" beginning on page 78 of this proxy statement), or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal; (ii) engage or participate in any negotiations or discussions concerning, or provide any information or data relating to the Company and its subsidiaries in connection with, an Acquisition Proposal, or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal; (iii) approve, endorse or recommend any Acquisition Proposal; or (iv) execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar contract relating to an Acquisition Proposal or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal.

Notwithstanding the foregoing, at any time prior to the adoption and approval of the Merger Agreement and the Merger by the Company's stockholders, the Company may, in response to an unsolicited, bona fide written Acquisition Proposal that the Company Board determines in

good faith,

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after consultation with its outside counsel and its independent financial advisor, constitutes or would reasonably be expected to lead to a Superior Proposal (as defined in "*The Merger Agreement No-Shop; Acquisition Proposals; Change in Recommendation*" beginning on page 78 of this proxy statement) (i) furnish information with respect to the Company and its subsidiaries to the person making such Acquisition Proposal pursuant to a confidentiality agreement no less favorable to the Company than the confidentiality agreement between the Company and Parent and (ii) participate in discussions or negotiations with such person and its representatives regarding the Acquisition Proposal.

The Company must advise Parent within 24 hours of receipt of any Acquisition Proposal, request for information relating to the Company or its subsidiaries, or inquiry or request for discussion or negotiation regarding, or that could reasonably be expected to lead to, an Acquisition Proposal. Such notice must include the identity of the person making the Acquisition Proposal, inquiry or request, and the material terms thereof. The Company must also keep Parent reasonably informed of the status and details of any such Acquisition Proposal, request or inquiry, and provide Parent copies of any information provided to or received from the person making such Acquisition Proposal, request or inquiry.

Generally, the Company Board is prohibited from (i) withdrawing or modifying in a manner adverse to Parent and Merger Sub its recommendation in favor of the Merger Agreement and the Merger to the Company stockholders or (ii) approving or recommending an Acquisition Proposal (each, an "*Adverse Recommendation Change*"). However, the Company Board can make an Adverse Recommendation Change if:

- the Company Board determines that a Superior Proposal is outstanding;

- the Company Board reasonably determines in good faith, after consultation with its outside counsel and its independent financial advisor, that its fiduciary obligations require it to make an Adverse Recommendation Change, but at least five business days (or three business days in the case of a change to a Superior Proposal of which Parent has previously been notified) after delivering notice of the contemplated Adverse Recommendation Change to Parent;

- during such five business day (or three business day) period, the Company provides Parent with a reasonable opportunity to adjust the terms and conditions of the Merger Agreement and negotiates in good faith with Parent to enable the Company Board to proceed with its recommendation in favor of the Merger and the Merger Agreement;

- the Company complies with the notice requirements described above; and

- during such five business day (or three business day) period, Parent does not make a proposal that the Company Board determines in good faith, after consultation with its outside counsel and its independent financial advisor, to be at least as favorable from a financial point of view to the Company stockholders as the Superior Proposal.

The Company Board can also make an Adverse Recommendation Change in response to an Intervening Event (as defined in "*The Merger Agreement No-Shop; Acquisition Proposals; Change in Recommendation*" beginning on page 78 of this proxy statement) if:

- the Company Board has determined in good faith, after consultation with its outside counsel and its independent financial advisor, that in light of such Intervening Event, its fiduciary obligations require it to make an Adverse Recommendation Change;

- the Company Board has provided notice to Parent of the contemplated Adverse Recommendation Change, and specified the reasons therefor in reasonable detail, at least five business days prior to making such Adverse Recommendation Change; and

during such five business day period, if requested by Parent, the Company has engaged in good faith negotiations with Parent to amend the Merger Agreement to obviate the need to make an Adverse Recommendation Change.

Termination of the Merger Agreement

The Merger Agreement may be terminated and the Merger may be abandoned at any time prior to the effective time of the Merger by mutual written consent of Parent and the Company. In addition, the Merger Agreement may be terminated prior to the effective time of the Merger by either Parent or the Company if:

- the Merger has not been consummated on or before 5:00 p.m., Eastern time, on August 22, 2016;

- any court of competent jurisdiction or other governmental entity has issued a judgment, order, injunction, rule or decree, or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Merger Agreement and such judgment, order, injunction, rule, decree or other action has become final and non-appealable; or

- if the approval of the Merger Agreement and the Merger by the Company stockholders is not obtained at the special meeting or at any adjournment or postponement thereof at which a vote on the adoption and approval of the Merger Agreement is taken.

The Merger Agreement can be terminated prior to the effective time of the Merger by the Company:

- if Parent or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or agreements in the Merger Agreement, and such breach or failure to perform (i) would result in the failure of a closing condition described in " *Conditions to Completion of the Merger*" and (ii) cannot be, or has not been, cured within 20 days after the Company has given Parent written notice of such breach or failure and stating the Company's intention to terminate the Merger Agreement; or

- prior to the adoption and approval of the Merger Agreement and the Merger by the Company stockholders, to enter into a transaction that is a Superior Proposal, if (i) the Company Board has received a Superior Proposal; (ii) the Company has complied in all material respects with its obligations described under " *No Shop; Acquisition Proposals; Change in Recommendation*"; (iii) the Company Board approves, and concurrently with the termination of the Merger Agreement the Company enters into, a definitive agreement with respect to such Superior Proposal; and (iv) prior to or concurrently with such termination, the Company pays to Parent the termination fee described in " *Transaction Expenses and Termination Fees*" below.

The Merger Agreement can be terminated prior to the effective time of the Merger by Parent:

- if the Company has breached or failed to perform any of its representations, warranties, covenants or agreements in the Merger Agreement, and such breach or failure to perform (i) would result in the failure of a closing condition described in " *Conditions to Completion of the Merger*" and (ii) cannot be, or has not been, cured within 20 days after Parent has given the Company written notice of such breach or failure and stating Parent's intention to terminate the Merger Agreement; or

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if: (i) an Adverse Recommendation Change has occurred; (ii) the Company Board fails to recommend the approval of the Merger Agreement and the Merger in this proxy statement; (iii) an Acquisition Proposal is publicly announced, distributed or disseminated to the Company stockholders and, following the request of Parent, the Company Board fails to reaffirm its recommendation in favor of the Merger Agreement and the Merger within 10 business days of such request; (iv) the Company Board has approved, endorsed or recommended to the Company stockholders an Acquisition Proposal; (v) a tender offer or exchange offer for Company Common Stock has commenced, and the Company Board recommends that the Company stockholders tender their shares of Company Common Stock in such tender or exchange offer, or within 10 business days after the commencement of such tender or exchange offer, the Company Board fails to recommend against acceptance of such offer; (vi) the Company Board resolves to do any of the foregoing; or (vii) the Company intentionally breaches in any material respect its obligations described in "*The Merger Agreement No Shop; Acquisition Proposals; Change in Recommendation*" or the second paragraph of "*The Merger Agreement Stockholder Meetings; Preparation of Proxy Statement.*"

Transaction Expenses and Termination Fees

Subject to certain limited exceptions, all fees and expenses incurred in connection with the Merger Agreement and the Merger will be paid by the party incurring such fees or expenses, whether or not the Merger is consummated. However, the Company must pay Parent a termination fee of $32,600,000 in the event that:

- the Merger Agreement is terminated because:
  - the Merger has not been consummated on or before 5:00 p.m., Eastern time, on August 22, 2016;
  - the Company has breached or failed to perform any of its representations, warranties, covenants or agreements; or
  - the adoption and approval of the Merger Agreement and the Merger by the Company stockholders is not obtained at the special meeting or at any adjournment or postponement thereof at which a vote on the adoption and approval of the Merger Agreement is taken;
  - and, in addition to the termination of the Merger Agreement for any of the foregoing reasons,
    - at any time on or after the date of the Merger Agreement and prior to such termination or vote, an Acquisition Proposal has been communicated to the senior management of the Company or the Company Board or publicly announced or otherwise made known to the Company stockholders, and
    - within 12 months following such termination, the Company enters into a definitive agreement with respect to an Acquisition Proposal or an Acquisition Proposal is consummated (for purposes of this provision, the references to "15%" in the definition of Acquisition Proposal are deemed to be references to "50%");
- the Merger Agreement is terminated by the Company to enter into a transaction that is a Superior Proposal;
- the Merger Agreement is terminated by Parent for any reason set forth in the last bullet in the section " *Termination of the Merger Agreement*" above; or

the Merger Agreement is terminated by Parent or the Company because the Merger has not been consummated on or before 5:00 p.m., Eastern time, on August 22, 2016 following an Adverse Recommendation Change in response to an Intervening Event.

Financing of the Merger (page 65)

Consummation of the Merger is not subject to Parent's ability to obtain financing. However, Parent expects to obtain financing for a portion of the consideration for the Merger. In connection with the Merger Agreement, Parent entered into a debt commitment letter (the "*Commitment Letter*") dated as of February 22, 2016, with Barclays Bank PLC ("*Barclays*"), Deutsche Bank Securities Inc. ("*DBSI*") and Deutsche Bank AG New York Branch (together with DBSI and Barclays, the "*Commitment Parties*"), pursuant to which, among other things, the Commitment Parties have committed to provide Parent with debt financing in the aggregate principal amount of up to $800,000,000 to finance, in part, the acquisition of the Company. In addition, the Commitment Parties have committed under the Commitment Letter to provide Parent with a $50,000,000 asset-based revolving credit facility for working capital purposes, as needed. The Debt Financing (for purposes of this section, as defined in *"The Merger Agreement Financing Matters"*) would be secured by a security interest in substantially all of Parent's, the Company's and their respective domestic subsidiaries' tangible and intangible assets, including certain real property.

While consummation of the Merger is not subject to Parent's ability to obtain financing, the Commitment Parties' obligations under the Commitment Letter are subject to certain conditions, including consummation of the Merger in accordance with the Merger Agreement; the negotiation and execution of definitive documentation consistent with the Commitment Letter; delivery of certain pro forma and other financial information; subject to certain limitations, the absence of a material adverse effect on the Company; the accuracy of specified representations and warranties of the Company in the Merger Agreement and specified representations and warranties of Parent to be set forth in the definitive loan documents; the repayment of certain outstanding debt of the Company; and other customary closing conditions.

The definitive documentation governing the Debt Financing has not been finalized and, accordingly, the actual terms of the Debt Financing may differ from those described in this proxy statement. Although the Debt Financing is not subject to due diligence or a "market out," such financing may not be considered assured. Although consummation of the Merger is not subject to Parent's ability to obtain financing, the obligation of the Commitment Parties to provide the Debt Financing under the Commitment Letter is subject to a number of conditions. There is a risk that these conditions will not be satisfied and the Debt Financing may not be available when required.

Material U.S. Federal Income Tax Consequences (page 61)

The Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder (as defined in "*The Merger Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement) whose shares of Company Common Stock are cancelled and converted into cash in the Merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any applicable withholding taxes) and the holder's adjusted tax basis in such shares. A "non-U.S. holder" (as defined in "*The Merger Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement) whose shares of Company Common Stock are cancelled and converted into cash in the Merger will generally not be required to recognize gain or loss for U.S. federal income tax purposes unless the non-U.S. holder has certain connections to the United States.

See the section entitled "*The Merger Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement for a more complete discussion of the U.S. federal income tax

consequences of the Merger. The tax consequences of the Merger to you will depend on your particular tax situation. You should consult your tax advisor for a complete analysis of the U.S. federal, state, local and/or foreign tax consequences of the Merger to you.

Regulatory Matters (page 64)

Under the HSR Act, and the rules and regulations promulgated thereunder by the U.S. Federal Trade Commission (the "*FTC*"), the Merger cannot be consummated until, among other things, notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the U.S. Department of Justice and all applicable waiting periods have expired or been terminated. Pre-Merger filings and governmental approvals are also required from the antitrust authorities in Germany and Israel. The parties submitted filings required under the HSR Act on February 29, 2016, submitted the requisite filings with the antitrust authorities in Germany on March 8, 2016 and submitted the requisite filings with the antitrust authorities in Israel on March 22, 2016. Early termination of the waiting period under the HSR Act was granted on March 14, 2016.

Dissenters' Rights (page 94)

Under NRS Section 92A.390, when the merger consideration is cash, there is no right of dissent with respect to a plan of merger, conversion or exchange in favor of stockholders of any class or series that is a "covered security" under Section 18(b)(l)(A) or (B) of the Securities Act of 1933, as amended. The shares of Company Common Stock are covered securities because they are traded on NASDAQ. Because the shares of Company Common Stock were covered securities on the Record Date and the merger consideration is cash, holders of shares of Company Common Stock will not have dissenters' rights in connection with the Merger.

Legal Proceedings Relating to the Merger (page 66)

On March 9, 2016, a putative class action complaint captioned *Dixon Chung v. Newport Corp., et al.*, Case No. A-16-733154-C, was filed in the District Court, Clark County, Nevada on behalf of a putative class of the Company's stockholders. The complaint names as defendants the Company, Parent, Merger Sub and certain current and former members of the Company Board. The complaint alleges that the named directors breached their fiduciary duties to the Company's stockholders by agreeing to sell the Company through an inadequate and unfair process, which led to inadequate and unfair consideration, and by agreeing to unfair deal-protection devices. The complaint also alleges that the Company, Parent and Merger Sub aided and abetted the named directors' alleged breaches of their fiduciary duties. The complaint seeks injunctive relief, including to enjoin or rescind the Merger, monetary damages, and an award of attorneys' and other fees and costs, among other relief.

See the section entitled "*The Merger Legal Proceedings Relating to the Merger*" beginning on page 66 of this proxy statement.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, the documents to which we refer you in this proxy statement and information included in oral statements or other written statements made or to be made by us or on our behalf may include predictions, estimates and other information that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). These forward-looking statements do not directly or exclusively relate to historical facts, including, without limitation, statements relating to the completion of the Merger. Without limiting the generality of the foregoing, words such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "should," "will," "would," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Stockholders are cautioned that any forward-looking statements are not guarantees of future performance. These statements are based on current expectations and assumptions based on available information and involve a number of risks and uncertainties, all of which are difficult or impossible to predict accurately and many of which are beyond our control. As such, our actual results may differ significantly from those expressed in any forward-looking statements.

These risks and uncertainties include, but are not limited to, factors and matters described or incorporated by reference in this proxy statement and the following factors: (1) the ability of the parties to consummate the Merger, (2) risks that the conditions to the closing of the Merger are not satisfied, including the risk that required approvals for the Merger from governmental authorities or the stockholders of the Company are not obtained; (3) litigation relating to the Merger; (4) the ability of Parent to successfully integrate the Company's operations and employees; (5) unexpected costs, charges or expenses resulting from the Merger; (6) risks that the proposed Merger disrupts the current plans and operations of the Company and Parent; (7) the ability to realize anticipated synergies and cost savings from the Merger; (8) competition from larger and more established companies in the Company's markets; (9) Parent's ability to successfully grow the Company's business; (10) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Merger; (11) the availability and terms of the financing to be incurred in connection with the Merger; (12) the retention of key employees; and (13) legislative, regulatory and economic developments, including changing business conditions in the industries in which the Company and Parent operate and the economy in general as well as financial performance and expectations of the Company's and Parent's existing and prospective customers. Additional factors that may affect the future results of the Company are set forth in filings the Company makes with the Securities and Exchange Commission (the "*SEC*") from time to time, including its Annual Report on Form 10-K for the year ended January 2, 2016, which is available on the SEC's website at www.sec.gov.

In light of the significant risks and uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that such results will be achieved, and readers are cautioned not to place undue reliance on such forward-looking information, which speak only as of the date hereof. Except as required by law, we undertake no obligation to revise the forward-looking statements contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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THE SPECIAL MEETING

General

Your proxy is solicited on behalf of the Board of Directors of the Company (the "*Company Board*") for use at our special meeting of stockholders to be held on April 27, 2016, at 9:00 a.m., local time, at 1791 Deere Avenue, Irvine, CA 92606, or at any continuation, postponement or adjournment thereof, for the purposes discussed in this proxy statement and in the accompanying Notice of Special Meeting and any other business properly brought before the special meeting. Proxies are solicited to give all stockholders of record an opportunity to vote on matters properly presented at the special meeting. On or about March 29, 2016, we commenced mailing this proxy statement and the enclosed form of proxy to our stockholders entitled to vote at our special meeting.

Date, Time and Place of the Special Meeting

We will hold the special meeting on April 27, 2016, at 9:00 a.m., local time, at 1791 Deere Avenue, Irvine, CA 92606. Directions to attend the special meeting can be found on our website at www.newport.com/investors.

Purpose of the Special Meeting

At the special meeting, we are asking holders of record of our common stock, par value $0.1167 per share ("*Company Common Stock*"), on March 21, 2016, to consider and vote on the following:

1. To adopt and approve the Agreement and Plan of Merger, dated as of February 22, 2016 (the "*Merger Agreement*"), by and among the Company, MKS Instruments, Inc. ("*Parent*"), and PSI Equipment, Inc. ("*Merger Sub*"), a copy of which is attached as Annex A to this proxy statement, and the transactions contemplated thereby, including the merger of Merger Sub with and into the Company (the "*Merger*"), with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "*Merger Proposal*");

2. To approve the postponement or adjournment of the special meeting to solicit additional proxies if there are not sufficient votes to approve the Merger Proposal, if deemed necessary or appropriate by the Company Board (the "*Adjournment Proposal*"); and

3. To approve on a non-binding, advisory basis, certain compensation that will or may become payable to our named executive officers that is based on or otherwise relates to the Merger (the "*Merger-Related Named Executive Officer Compensation Proposal*"), as disclosed pursuant to Item 402(t) of Regulation S-K in "*The Merger Interests of Our Directors and Executive Officers in the Merger Quantification of Payments and Benefits to Our Named Executive Officers*" beginning on page 60 of this proxy statement.

Recommendation of the Company Board

After careful review and consideration, the Company Board, upon the unanimous recommendation of an independent committee of the Company Board, unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, the Company and its stockholders. After such consideration, the Company Board approved the Merger Agreement and authorized and approved the Merger upon the terms and conditions set forth in the Merger Agreement.

Subject to the terms and conditions of the Merger Agreement, the Company Board unanimously recommends that Newport's stockholders vote "FOR" the Merger Proposal, "FOR" the Adjournment Proposal and "FOR" the Merger-Related Named Executive Officer Compensation Proposal. See the

section entitled "*The Merger Recommendation of the Company Board; Our Reasons for the Merger*" beginning on page 40 of this proxy statement.

Stockholders Entitled to Vote; Record Date

You may vote at the special meeting if you were a record holder of shares of Company Common Stock on March 21, 2016, the record date for the determination of stockholders entitled to notice of and to vote at the special meeting (the "*Record Date*"). For each share of Company Common Stock that you owned on the Record Date, you are entitled to cast one vote on each matter voted upon at the special meeting. As of the Record Date, there were 38,879,965 shares of Company Common Stock outstanding and entitled to vote.

Quorum and Vote Required

A quorum of stockholders is necessary to hold the special meeting. The required quorum for the transaction of business at the special meeting shall exist when the holders of a majority of the shares of Company Common Stock entitled to vote at the special meeting are either present in person or represented by proxy. If a quorum is not present at the special meeting, we expect that the special meeting will be adjourned to solicit additional proxies. Abstentions count as shares present for establishing a quorum. Broker non-votes count as shares present for establishing a quorum if the beneficial owner whose failure to provide voting instructions with respect to a particular proposal has resulted in such broker non-vote has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting. Otherwise, broker non-votes do not count as shares present for establishing a quorum.

You may vote "**FOR**" or "**AGAINST**," or you may "**ABSTAIN**" from voting on, the Merger Proposal. Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote. Because the vote on the Merger Proposal is based on the total number of shares outstanding, abstentions and "broker non-votes" will have the same effect as voting against the approval of the Merger Proposal. A "broker non-vote" occurs with respect to a particular proposal when a nominee holding shares for a beneficial owner returns a valid proxy but does not vote on such because the broker, bank or other nominee does not have discretionary voting authority with respect to such proposal and has not received instructions from the beneficial owner of the shares with respect to such proposal. Brokers, banks and other nominees will not have discretionary authority on the Merger Proposal, the Adjournment Proposal or the Merger-Related Named Executive Officer Compensation Proposal.

You may vote "**FOR**" or "**AGAINST**," or you may "**ABSTAIN**" from voting on, the Adjournment Proposal. The Adjournment Proposal will be approved if a majority of the shares of Company Common Stock, present in person or represented by proxy and entitled to vote at the special meeting, vote in favor of the proposal, whether or not a quorum is present. Abstentions will have the same effect as voting "**AGAINST**" the approval of the Adjournment Proposal. A broker non-vote with respect to the Adjournment Proposal will have no effect on the outcome of the Adjournment Proposal (unless the beneficial owner whose failure to provide voting instructions with respect to the Adjournment Proposal has resulted in such broker non-vote has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting, in which case such failure to provide such voting instructions with respect to the Adjournment Proposal will have the same effect as voting "**AGAINST**" the Adjournment Proposal).

You may vote "**FOR**" or "**AGAINST**," or you may "**ABSTAIN**" from voting on, the Merger-Related Named Executive Officer Compensation Proposal. The non-binding, advisory Merger-Related Named Executive Officer Compensation Proposal will be approved if a majority of the shares of Company Common Stock, present in person or represented by proxy and entitled to vote on the

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Merger-Related Named Executive Officer Compensation Proposal, vote in favor of the proposal. Abstentions will have the same effect as voting "**AGAINST**" the approval of the Merger-Related Named Executive Officer Compensation Proposal. A broker non-vote with respect to the Named Executive Officer Compensation Proposal will have no effect on the outcome of the Named Executive Officer Compensation Proposal (unless the beneficial owner whose failure to provide voting instructions with respect to the Named Executive Officer Compensation Proposal has resulted in such broker non-vote has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting, in which case such failure to provide such voting instructions with respect to the Named Executive Officer Compensation Proposal will have the same effect as voting "**AGAINST**" the Named Executive Officer Compensation Proposal).

Shares Owned by Our Directors and Executive Officers

As of the Record Date, our directors and executive officers were entitled to vote approximately 728,556 shares of Company Common Stock, or approximately 1.87% of total Company Common Stock outstanding on that date. These numbers do not give effect to outstanding Company RSUs, which are not entitled to vote at the special meeting. Our directors and executive officers have each entered into a stockholder agreement (collectively, the "*Stockholder Agreements*") with Parent. Each Stockholder Agreement (i) requires the applicable stockholder to vote such stockholder's shares of Company Common Stock in favor of (and to grant a proxy to Parent to vote in favor of) adoption and approval of the Merger Agreement and to vote against the approval or adoption of any alternative acquisition proposal and (ii) prohibits the applicable stockholder from transferring such stockholder's shares of Company Common Stock, each subject to the exceptions described in the Stockholder Agreement. A copy of the form of Stockholder Agreement is attached to this proxy statement as Annex B. We currently expect that each of our directors and executive officers will vote their shares in favor of the proposals to be presented at the special meeting, in accordance with the terms of the Stockholder Agreements.

Voting; Proxies

You may vote in person or by proxy at the special meeting.

Voting in Person

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if you hold your shares of Company Common Stock in "street name," which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the special meeting, you must bring to the special meeting a legal proxy from the record holder of the shares (your broker, bank or other nominee) authorizing you to vote at the special meeting.

Voting by Proxy

If you do not wish to attend the special meeting, you may submit your proxy by completing, dating, signing and returning the enclosed proxy card by mail or by granting a proxy electronically via the Internet or by telephone by following the instructions on the enclosed proxy card. All shares of Company Common Stock represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted "**FOR**" the Merger Proposal, "**FOR**" the Adjournment Proposal, and "**FOR**" the Merger-Related Named Executive Officer Compensation Proposal.

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Only shares of Company Common Stock affirmatively voted for the Merger Proposal, the Adjournment Proposal, and the Merger-Related Named Executive Officer Compensation Proposal, and properly executed proxies that do not contain voting instructions, will be counted as votes "**FOR**" the proposals. Shares of Company Common Stock held by persons who attend the special meeting but abstain from voting in person or by proxy, and shares of Company Common Stock for which we received proxies directing an abstention, will be counted for purposes of determining whether a quorum exists, and will have the same effect as votes "**AGAINST**" the Merger Proposal, the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal. Shares of Company Common Stock represented by proxies that reflect a "broker non-vote" with respect to a particular proposal will not be counted for purposes of determining whether a quorum exists (unless the beneficial owner of such shares has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting, in which case such shares will be counted for purposes of determining whether a quorum exists) and will have the same effect as votes "**AGAINST**" the Merger Proposal, but will have no effect on the outcome of the Adjournment Proposal or the outcome of the Merger-Related Named Executive Officer Compensation Proposal (unless, in the case of each of the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal, the beneficial owner of such shares has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the special meeting, in which case such shares will have the same effect as votes "**AGAINST**" the Adjournment Proposal or the Merger-Related Named Executive Officer Compensation Proposal, as applicable).

Revocation of Proxy

If you are a stockholder of record, you may revoke your proxy at any time before your proxy is voted at the special meeting by taking any of the following actions:

- delivering to our corporate secretary a signed written notice of revocation, bearing a date later than the date of the proxy, stating that the proxy is revoked;
- signing and delivering a new paper proxy, relating to the same shares and bearing a later date than the original proxy;
- submitting another proxy by telephone or over the Internet by 11:59 p.m. Eastern time, on the date prior to the date of the special meeting (your latest telephone or Internet voting instructions submitted by such time are followed); or
- attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

Written notices of revocation and other communications with respect to the revocation of Newport proxies should be addressed to:

Newport Corporation
1791 Deere Avenue
Irvine, CA 92606
Attention: Corporate Secretary

If your shares are held in "street name," you may change your vote by submitting new voting instructions to your broker, bank or other nominee. You must contact your broker, bank or other nominee to find out how to do so. If your shares are held in "street name" and you wish to vote at the special meeting in person, you must bring to the special meeting a legal proxy from the record holder of the shares (your broker, bank or other nominee) authorizing you to vote at the special meeting.

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Solicitation of Proxies

The Company Board is soliciting proxies for the special meeting from our stockholders. We will bear the entire cost of soliciting proxies from our stockholders. In addition to the solicitation of proxies by delivery of this proxy statement by mail, we will request that brokers, banks and other nominees that hold shares of Company Common Stock, which are beneficially owned by our stockholders, send Notices of Special Meeting, proxies and proxy materials to those beneficial owners and secure those beneficial owners' voting instructions. We will reimburse those record holders for their reasonable expenses. We have engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies and provide related advice and informational support for a fee of approximately $50,000, plus reimbursement of customary disbursements. In addition, our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. Our directors, officers and employees will not be paid any remuneration for their solicitation efforts, but we will reimburse them for their out-of-pocket expenses.

Dissenters' Rights

Under Section 92A.390 of the Nevada Revised Statutes (the "*NRS*"), when the merger consideration is cash, there is no right of dissent with respect to a plan of merger, conversion or exchange in favor of stockholders of any class or series that is a "covered security" under Section 18(b)(l)(A) or (B) of the Securities Act. The shares of Company Common Stock are covered securities because they are traded on NASDAQ. Because the Company Common Stock was listed on NASDAQ on the Record Date and the merger consideration is cash, holders of shares of Company Common Stock will not have dissenters' rights in connection with the Merger.

Adjournments or Postponements

Although it is not currently expected, the special meeting may be postponed or adjourned for the purpose of, among other things, soliciting additional proxies, by the vote of the holders of a majority of the shares of Company Common Stock represented at the meeting, whether or not a quorum is present. Any signed proxies received by us for which no voting instructions are provided on such matter will be voted "**FOR**" the Adjournment Proposal.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on April 27, 2016

A copy of this proxy statement is available, without charge, by written request to Newport Corporation (Attn: Investor Relations, 1791 Deere Avenue, Irvine, CA 92606) or MacKenzie Partners, Inc. (at the address listed below), or from the SEC website at www.sec.gov.

Assistance

If you need assistance in completing your proxy card, require additional copies of the enclosed proxy card or have questions regarding the special meeting, please contact our proxy solicitor, MacKenzie Partners, Inc., at:

Call Collect: (212) 929-5500
Toll Free: (800) 322-2885
Email to: proxy@mackenziepartners.com
Address: 105 Madison Avenue, New York, New York 10016

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PROPOSAL 1
APPROVAL OF THE MERGER PROPOSAL

THE MERGER

This discussion of the Merger does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached to this proxy statement as Annex A and which is incorporated by reference into this proxy statement. You should read the entire Merger Agreement carefully as it is the legal document that governs the Merger.

Introduction

We are asking our stockholders to consider and approve the Merger Proposal.

The Companies

Newport Corporation
1791 Deere Avenue
Irvine, CA 92606
(949) 863-3144
www.newport.com

Newport is a global supplier of advanced technology products and systems to a wide range of industries, including scientific research, microelectronics, defense and security, life and health sciences, and industrial markets. Newport provides a broad portfolio of products to customers in these end markets, allowing us to offer them an end-to-end resource for photonics solutions. Newport provides a wide range of photonics technology and products designed to enhance the capabilities and productivity of our customers' precision applications, including: lasers and laser technology, including solid-state lasers, ultrafast lasers and laser systems, tunable lasers and fiber lasers; optical components and subassemblies, including precision laser optics and opto-mechanical subassemblies, optics and lens assemblies for thermal imaging, thin-film optical filters, and ruled and holographic diffraction gratings; photonics instruments, systems and components, including optical power and energy meters, light sources, optical detectors and modulators, laser beam profilers, monochromators, spectroscopy instrumentation, laser diode controllers and drivers, and laser diode burn-in and life test systems; high-precision positioning products and systems; vibration isolation products and systems; and three-dimensional non-contact measurement sensors and equipment.

For additional information about Newport and our business, see the section entitled "Where You Can Find More Information" beginning on page 99 of this proxy statement.

MKS Instruments, Inc.
2 Tech Drive, Suite 201
Andover, MA 01810
(978) 645-5500
www.mksinst.com

MKS Instruments, Inc. was founded in 1961 as a Massachusetts corporation. The company is a global provider of instruments, subsystems and process control solutions that measure, control, power, monitor and analyze critical parameters of advanced manufacturing processes to improve process performance and productivity. The company also provides services relating to the maintenance and repair of its products, software maintenance, installation services and training.

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PSI Equipment, Inc.
2 Tech Drive, Suite 201
Andover, MA 01810
(978) 645-5500

PSI Equipment, Inc. a Nevada corporation and a wholly owned subsidiary of Parent, was organized solely for the purpose of entering into the Merger Agreement with Newport and completing the Merger and has not conducted any business operations other than those incident to its formation and the transactions contemplated by the Merger Agreement. If the Merger is completed, Merger Sub will cease to exist following its merger with and into Newport.

Background of the Merger

The Company Board, together with certain members of the Company's senior management, regularly reviews and assesses the Company's operations, financial condition and industry developments in the context of the Company's strategic plans. In connection with this review and assessment, the Company Board periodically requests input from financial advisors, including J.P. Morgan, regarding opportunities available to the Company to increase stockholder value, and has considered strategic acquisitions, separate divestitures of the Company's operating groups, collaborations with other companies, share repurchases, recapitalization transactions, business combinations and other strategic alternatives.

On June 11, 2015, Mr. Robert J. Phillippy, the Company's Chief Executive Officer ("*CEO*"), met with the CEO of Party A, a prospective strategic partner, to discuss the merits of a potential business combination.

On July 17, 2015, Mr. Phillippy met with the chairman of the board of directors ("*Chairman*") of Party B, another prospective strategic partner with whom the Company had periodically discussed a potential business combination in previous years, to discuss the merits of a potential business combination. Mr. Phillippy also had telephone conversations with Party B's Chairman on August 1, August 21 and August 27, 2015, during which Mr. Phillippy and Party B's Chairman discussed a potential stock-for-stock merger between the two companies. On August 21, 2015, Mr. Phillippy and Party B's Chairman discussed preliminary transaction structuring matters and the value of the potential synergies that could result from a combination.

On August 17 and 18, 2015, the Company Board held its regular quarterly meeting, at which members of the Company's management were present. At the meeting, Mr. Phillippy provided an update regarding business development matters, including the potential transactions with Party A and Party B. The Company Board then reviewed the status and merits of these potential transactions. The Company Board noted that discussions with Party A remained very preliminary, and directed the Company's management to continue discussions with both Party A and Party B.

On September 14, 2015, Mr. Phillippy met with the CEO of Party C, a potential strategic acquirer with whom the Company had periodically discussed a potential business combination in previous years. During the meeting, Party C's CEO revisited the topic of a potential acquisition of the Company by Party C.

On September 16, 2015, the Company submitted a preliminary, non-binding proposal to Party B for an at-market, stock-for-stock strategic merger between the Company and Party B. Representatives of Party B communicated to the Company that Party B was interested in the proposed transaction, but they would need to evaluate the Company's proposal with Party B's board of directors.

On September 24, 2015, Party C's CEO contacted Mr. Kenneth F. Potashner, the Company's Chairman, indicating that Party C's board of directors had discussed the strategic merits of a combination with the Company earlier that week, and had directed him to contact Mr. Potashner to

gauge the Company Board's interest in discussing such a transaction. Between September 24 and September 27, 2015, Mr. Potashner discussed this inquiry individually with the members of the Company Board, and the consensus of the Company Board was that the Company Board would be open to discussing a proposal from Party C at an appropriate valuation. On September 27, 2015, Mr. Potashner replied to Party C's CEO that the Company Board would be receptive to considering an offer to acquire the Company. Over the succeeding few days, Mr. Potashner and Party C's CEO communicated regarding the Company Board's valuation expectations and the appropriate next steps to continue discussions between the companies.

On September 29, 2015, J.P. Morgan discussed the Company's proposal of an at-market, stock-for-stock merger between Party B and the Company with Party B's financial advisors, who indicated that Party B was in the process of reviewing the proposal and would notify the Company when more information was available.

On October 5, 2015, the Company received a preliminary, non-binding proposal from Party C to acquire the Company at a price of $21.50 per share, with a portion of the consideration to be comprised of up to 19.9% of Party C's then-outstanding common stock, which, based on Party C's share price on that date, would represent approximately 30% of the total consideration. Party C's proposal represented a 50% premium over the closing price of the Company Common Stock of $14.33 on that date.

On October 8, 2015, the Company Board held a special telephonic meeting at which Jeffrey B. Coyne, the Company's General Counsel, was also present. Mr. Potashner summarized his recent communications with Party C's CEO regarding Party C's proposal. The Company Board noted that while Party C's proposal represented a substantial premium over the then-current trading price of the Company Common Stock due to a recent decline, it represented a significantly lower premium over the 12-month average price and 52-week high price of the Company Common Stock. The Company Board also discussed the strategic rationale for a combination with Party C, including the synergies that could be generated from such a combination and Party C's higher trading multiples, and the possibility that the Company's stockholders could participate in the future value created by these factors given the equity component of the proposed consideration. The Company Board's consensus was that Party C's proposed price of $21.50 per share was not adequate to recommend to the Company's stockholders, given the Company Board's belief that the Company Common Stock was temporarily trading at a discounted price. The Company Board's consensus was also that a greater proportion of the proposed consideration should be comprised of Party C's common stock to provide the Company's stockholders with greater participation in the future value that could result from a combination with Party C. The Company Board also determined that it should obtain advice from its financial advisor to fully evaluate Party C's proposal and resolved to formally engage J.P. Morgan as the Company's financial advisor.

After the Company Board discussed Party C's proposal, Mr. Coyne outlined the provisions in the Company's Bylaws that require the Company Board to form an independent committee to consider, evaluate and make recommendations with respect to acquisition proposals. The Company Board then resolved to create an independent committee comprised of Messrs. Potashner, Oleg Khaykin, and Peter J. Simone (the "*Independent Committee*") to evaluate Party C's proposal and other strategic alternatives and to make recommendations to the Company Board regarding what actions, if any, should be taken with respect to any potential transaction.

Also on October 8, 2015, Messrs. Phillippy and Coyne met with Party A's CEO to discuss the rationale for a potential strategic combination between the companies.

On October 11, 2015, Mr. Potashner had a telephone conversation with Party C's CEO, during which Party C's CEO made a revised, non-binding proposal for Party C to acquire the Company at a price of $22.50 per share, with a portion of the consideration to be comprised of up to 19.9% of Party C's then-outstanding common stock. Based on Party C's closing share price on October 9, 2015,

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the most recent trading day prior to receipt of Party C's revised proposal, the equity component of the proposed consideration would represent approximately 29% of the total consideration. Party C's revised proposal represented a 53% premium over the closing price of the Company Common Stock of $14.68 on October 9, 2015.

On October 15, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting to discuss Party C's revised proposal, at which members of the Company's management and representatives from Gibson, Dunn & Crutcher LLP, the Company's outside counsel ("*Gibson Dunn*"), and J.P. Morgan were also present. Representatives from Gibson Dunn reviewed certain legal considerations, including the directors' fiduciary duties in the context of an acquisition proposal. Representatives from J.P. Morgan then presented their financial analysis of Party C's revised proposal. Following these presentations, representatives from Gibson Dunn and J.P. Morgan left the meeting. The Company Board then discussed the current valuations and future prospects of the Company. The Company Board also discussed the current value of Party C's revised proposal, including, as previously discussed on October 8, 2015, the possibility that the Company's stockholders could participate in the future value created by the proposed combination, but also noted factors including (i) the significant deal certainty risks associated with a transaction with Party C due to antitrust issues, (ii) the risks associated with potential declines in the future value of Party C's common stock given the equity component of the proposed consideration, and (iii) the fact that Party C's revised proposal did not include any evidence of available financing for the proposed transaction, and the risk that Party C would be unable to obtain such financing. Following these discussions, the Company Board reached the consensus that the Company should be able to obtain a higher price from Party C or another potential buyer.

On October 19, 2015, Mr. Potashner had a telephone conversation with Party C's CEO to discuss an increase to Party C's proposed price. Party C's CEO responded that Party C would not increase its proposed price any further unless it received a counter-proposal from the Company. Party C's CEO also insisted that the Company agree to negotiate exclusively with Party C before Party C would execute a confidentiality agreement and conduct due diligence.

On October 21, 2015, Mr. Phillippy had a telephone conversation with Party B's Chairman, during which they discussed the general strategic alignment between Party B and the Company with respect to an at-market, stock-for-stock merger, as well as the appropriate next steps to continue discussions between the companies.

On October 22, 2015, Mr. Potashner and Party C's CEO communicated regarding the adequacy of Party C's most recent proposal.

On October 23, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Representatives from J.P. Morgan presented a preliminary valuation analysis of the Company based on updated financial forecasts prepared by the Company's management, and the Company Board discussed their preliminary valuation perspectives of the Company. Messrs. Potashner and Phillippy then summarized recent developments with Party B and Party C. The Company Board discussed with representatives of J.P. Morgan the potential market reaction to a combination with Party B and the potential stockholder value expected to result from such a combination. The Company Board also discussed the current and potential future value of Party C's proposal, as well as the execution risks discussed in previous meetings associated with a combination with Party C, and Party C's insistence that the Company agree to negotiate exclusively with Party C. After members of the Company's management and representatives from Gibson Dunn and J.P. Morgan left the meeting, the Company Board continued their discussion regarding Party C's proposal and their preliminary valuation perspectives of the Company, and reached a consensus that Party C's proposal remained inadequate to recommend to the Company's stockholders. The Company Board resolved to respond to Party C that it would be open to an offer at a price that represented a

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50% premium over the price of the Company Common Stock after it recovered from its recent decline, with a floor value of $23.00 per share.

Between October 24 and October 26, 2015, Mr. Potashner communicated with Party C's CEO regarding the Company Board's counter-proposal. On October 26, 2015, Party C's CEO indicated that Party C's board of directors was not amenable to the pricing arrangement proposed by the Company Board, and submitted a revised, non-binding proposal to acquire the Company for either (i) $22.60 per share, to be comprised of cash and up to 19.9% of Party C's then-outstanding common stock, or (ii) $23.00 per share, to be comprised of cash and up to $150 million in value of Party C's common stock. Party C's revised proposal represented a 52% to 55% premium over the closing price of the Company Common Stock of $14.83 on that date. Party C's CEO also reiterated that Party C would not move forward with negotiations or commence due diligence unless the Company agreed to negotiate exclusively with Party C.

On October 28, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Mr. Potashner summarized the recent developments with Party C. Representatives from J.P. Morgan then presented their financial analysis of the two alternatives presented in Party C's revised proposal. The Company Board discussed Party C's revised proposal, including the potential future value that could result from such a combination and the antitrust and financing risks discussed in previous meetings. The Company Board noted that it would be imperative for Party C to agree to bear all antitrust risks and take any actions required to obtain approval for the proposed transaction from antitrust authorities, and that the Company Board would need to receive concrete evidence that Party C would be able to obtain financing for the proposed transaction. In addition, the Company Board discussed conducting a market check, and reached the consensus that the Company should not initiate a market check until the Company received a written proposal from Party C that also addressed antitrust and financing issues. After members of the Company's management and representatives from Gibson Dunn and J.P. Morgan left the meeting, the Company Board discussed the Company's response to Party C's proposal. The Company Board reached the consensus that the Company should seek a higher value proposal from Party C or another buyer, and resolved to request that Party C formalize its revised proposal in writing and address antitrust and financing matters. Mr. Potashner communicated this request to Party C's CEO on October 29, 2015.

In response to the request of the Company Board, on October 29, 2015, Party C sent the Company a letter reiterating its previous acquisition proposal at $22.60 per share, with a portion of the consideration to be comprised of up to 19.9% of Party C's then-outstanding common stock. Party C's proposal represented a 50% premium over the closing price of the Company Common Stock of $15.05 on that date. Party C also provided the Company with drafts of a proposed confidentiality agreement and a proposed exclusivity agreement, and stated that their target was to announce a transaction on December 14, 2015. In subsequent communications between J.P. Morgan and Party C's financial advisors, Party C's financial advisors reaffirmed that Party C's proposal was contingent on the Company agreeing to negotiate exclusively with Party C.

On October 30, 2015, the Independent Committee held a special telephonic meeting, at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Mr. Potashner and representatives from J.P. Morgan summarized their recent communications with Party C and its financial advisors. The Independent Committee then discussed Party C's demand for exclusivity in detail, and asked questions of representatives from Gibson Dunn regarding the possible sale of the Company. The Independent Committee then discussed the benefits and drawbacks of conducting a pre-signing market check, and discussed the execution risks presented by a combination with Party C, including the antitrust and financing concerns raised in previous meetings. Following this discussion, the Independent Committee decided to not grant exclusivity to Party C at that time, and instead concluded that the Company's management and J.P. Morgan should conduct a confidential

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market check. The Independent Committee then discussed the scope of the market check, including the risk that contacting a substantial number of potential strategic acquirers could negatively impact the Company's business and operations, and significantly reduce the likelihood that the market check would remain confidential. The Independent Committee then discussed how to select the potential strategic acquirers that would be contacted in the market check, and determined that the Company should contact potential buyers that the Independent Committee believed, after discussing with J.P. Morgan, would be most likely to be interested in pursuing a strategic transaction with the Company based on their business activities and/or previously expressed interest in acquiring the Company, and which possessed the financial and other resources that would be necessary to complete a transaction with the Company. The Independent Committee also reviewed the possibility that a financial buyer might be interested in a potential acquisition of the Company, and determined that such interest would be unlikely at a price equal to or greater than the price under discussion with Party C. Based on the foregoing considerations, the Independent Committee selected five highly qualified potential strategic acquirers (Parties D, E, F, G and H) to be contacted by the Company's management and J.P. Morgan in the market check. The Independent Committee also asked Mr. Coyne to prepare a draft merger agreement to be provided to Party C for comment so that the Company Board could better understand any legal issues or risks, including the antitrust and financing issues discussed previously, associated with Party C's proposal.

Between October 30 and November 2, 2015, Mr. Phillippy and J.P. Morgan contacted Parties D, E, F, G and H to discuss their potential interest in acquiring the Company. Parties E and D expressed interest in exploring a potential acquisition and scheduled meetings with the Company's management and J.P. Morgan on November 6 and November 9, 2015, respectively, to conduct initial due diligence.

On November 2, 2015, J.P. Morgan had a telephone conversation with Party C's financial advisors to clarify certain points in Party C's most recent proposal, at which time J.P. Morgan communicated that the Company Board had determined that the Company would not grant exclusivity to Party C at that time, but encouraged Party C to conduct due diligence on a non-exclusive basis. J.P. Morgan also conveyed the Company's comments on the draft confidentiality agreement previously provided by Party C. On November 3, 2015, Party C provided a highly confident letter from a third-party lender for the financing of a potential acquisition of the Company.

Between November 3 and November 9, 2015, Parties F, G and H informed the Company that they would not pursue the opportunity to acquire the Company.

On November 4, 2015, Party C's financial advisors provided a due diligence request list and a process timeline with a target transaction announcement date of December 7, 2015. Party C's financial advisors also communicated to J.P. Morgan that Party C would not enter into a confidentiality agreement or commence due diligence unless the Company agreed to negotiate exclusively with Party C. This position was reiterated by Party C's General Counsel during a telephone conversation with Mr. Coyne on November 6, 2015.

On November 5 and November 6, 2015, the Company entered into confidentiality agreements with Party E and Party D, respectively. Each such confidentiality agreement contained a customary standstill provision that would terminate in the event that the Company entered into a definitive acquisition agreement with another party.

On November 6, 2015, the Company's management held an initial due diligence conference call with Party E. On November 9, 2015, the Company's management held an initial in-person due diligence meeting with Party D. Both companies indicated that they would submit preliminary indications of interest and valuations for the acquisition of the Company by November 11, 2015.

On November 9, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Representatives from Gibson Dunn

discussed certain legal considerations, summarized the key provisions of the draft merger agreement to be sent to Party C and responded to questions from the Company Board regarding the draft merger agreement. Representatives from J.P. Morgan then provided updates regarding the progress of the market check and presented their updated financial analysis of Party C's proposal. Members of the Company's management and representatives from Gibson Dunn and J.P. Morgan then left the meeting, and the Company Board discussed its strategy for dealing with multiple interested potential acquirers.

On November 11, 2015, Party D submitted a preliminary, non-binding proposal to acquire the Company for $25.00 to $27.00 per share in cash, representing a 50% to 62% premium over the closing price of the Company Common Stock of $16.69 on that date. Party D's proposal indicated that the sources of funds for the proposed consideration would be cash on hand and debt financing, and that the proposed transaction would not be subject to a financing condition. On the same date, Party C also reiterated to the Company that it would not enter into a confidentiality agreement with the Company or commence due diligence unless the Company granted Party C exclusivity in negotiations.

Also on November 11, 2015, Party E initially notified J.P. Morgan that it intended to submit an acquisition proposal on November 12, 2015, but later communicated that it no longer intended to submit an acquisition proposal after orally communicating its contemplated price of approximately $20.00 per share to representatives of J.P. Morgan, who informed Party E that its proposal would not be competitive. On the same date, Party B communicated to the Company that it would like to schedule a meeting between representatives of the two companies in December 2015 to discuss the merits of the business combination previously proposed by the Company.

On November 12, 2015, Mr. Phillippy had a telephone conversation with Party D's CEO regarding the scope of Party D's due diligence and assessing Party D's level of interest in pursuing a transaction with the Company.

Also on November 12, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting at which members of the Company's management and representatives from J.P. Morgan were present. Representatives from J.P. Morgan provided updates regarding recent developments with Party C, Party D and Party E and Mr. Phillippy provided an update regarding his conversation with Party D's CEO, noting that Party D appeared to be serious about completing due diligence and pursuing a transaction with the Company. Representatives from J.P. Morgan then presented their financial analysis of Party D's proposal. The Company Board then discussed with representatives of J.P. Morgan how to communicate with Party C in light of Party D's proposal, and directed J.P. Morgan to communicate to Party C that their previous proposal remained competitive, but would likely need to be increased to be successful. The Company Board also directed J.P. Morgan to encourage Party C to execute a confidentiality agreement and commence due diligence, and thereby engage in the Company's process.

On November 14, 2015, Party D and its advisors received access to the virtual data room established by the Company to share certain information related to the Company and the proposed acquisition.

On November 16, 2015, the Company received a letter from Party C rescinding its proposal delivered on October 29, 2015. On November 17, 2015, J.P. Morgan had a telephone conversation with Party C's financial advisors, during which Party C's financial advisors explained that Party C had decided to rescind its previous proposal, but would be interested in an all-cash acquisition of the Company. Party C's financial advisors indicated that Party C would contact J.P. Morgan regarding a potential meeting later that week between the Company and Party C.

On November 17 and November 18, 2015, Party D's management team and consultants visited the Company's offices in Irvine, California and Santa Clara, California for due diligence meetings and presentations by the Company's management team, as well as tours of the Company's Irvine and Santa Clara facilities. Party D's management team and consultants met with the leaders of each of the

Company's business groups, as well as the Company's sales, finance, legal, human resources and information technology personnel.

Also on November 18, 2015, J.P. Morgan had a telephone conversation with Party C's financial advisors, during which Party C's financial advisors explained that Party C had decided not to participate in the Company's process, but that Party C would still be interested in a combination with the Company if the Company's process did not result in a transaction.

On November 20, 2015, Mr. Phillippy had a telephone conversation with Party C's CEO to clarify Party C's intentions with respect to a potential combination with the Company. Party C's CEO reaffirmed that Party C would only proceed with negotiations and conduct due diligence if the Company granted them exclusivity.

On November 23, 2015, Party D's CEO contacted Mr. Phillippy and informed him that, after further review and deliberation, Party D had decided not to pursue an acquisition of the Company. Party D's CEO expressed concern that certain of the Company's businesses did not fit Party D's strategic model, and that an acquisition of the Company would entail significant integration effort and risk. On the same date, Messrs. Phillippy and Mr. Potashner, members of the Company's management and representatives of J.P. Morgan held a telephonic meeting to discuss recent developments in the Company's process. Mr. Phillippy provided an update regarding recent communications with Party C and Party D. After considering and discussing various alternatives, the meeting attendees proposed to offer Party C a brief period of exclusivity if Party C would increase its proposed price to $25.00 per share and target signing a definitive acquisition agreement before December 25, 2015. Following the meeting, Mr. Potashner contacted the other members of the Independent Committee and received their support for this approach.

On November 24, 2015, as directed by Mr. Potashner after consulting with the Independent Committee, Mr. Phillippy contacted Party C's CEO and informed him that the Company would be willing to grant a brief period of exclusivity to Party C if Party C would increase its proposed price to $25.00 per share. Party C's CEO informed Mr. Phillippy that he needed to discuss the price and proposed timing with his team, and that he would respond to Mr. Phillippy's proposal following that discussion.

On November 25, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Mr. Phillippy summarized the recent developments with Party C and Party D. The Company Board then discussed communication strategy with respect to Party C, and confirmed that the offer of exclusivity to Party C at a price of $25.00 per share was appropriate. The Company Board also discussed the execution risks associated with a transaction with Party C, including antitrust and financing risks discussed in previous meetings, and representatives of Gibson Dunn discussed ways to mitigate the antitrust risks associated with Party C's proposal. After members of the Company's management and representatives from Gibson Dunn and J.P. Morgan left the meeting, the Company Board discussed strategic alternatives to a transaction with Party C and the risks related to those alternatives. Based on the significant execution risks associated with a transaction with Party C, and in light of the process being undertaken by the Company, the Company Board determined that a purchase price below $24.75 per share from Party C would not be adequate to recommend to the Company's stockholders.

On November 27, 2015, Party C's CEO contacted Mr. Phillippy to respond to the proposal made by Mr. Phillippy on November 24. Party C's CEO indicated that Party C was not willing to improve its proposed price to $25.00 per share, and communicated a counter-proposal of $23.00 per share, with a portion of the consideration to be comprised of up to 19.9% of Party C's then-outstanding common stock. Party C's proposal represented a 38% premium over the closing price of the Company Common Stock of $16.61 on that date. Party C's CEO also indicated that Party C did not believe that it would

be feasible to sign and announce a merger agreement prior to December 25, 2015. As directed by the Company Board, Mr. Phillippy communicated the Company Board's position that it would not grant exclusivity to Party C at that price, and that the Company would therefore continue with its process.

Also on November 27, 2015, Charles F. Cargile, the Company's Chief Financial Officer ("*CFO*"), received an unsolicited inquiry on behalf of Parent regarding whether the Company would be interested in discussing a potential business combination with Parent. Mr. Cargile discussed this inquiry with Messrs. Phillippy and Coyne, and Mr. Phillippy subsequently coordinated with Gerald G. Colella, the CEO of Parent, to arrange a telephone conversation to be held on December 4, 2015.

On December 3, 2015, Party C's financial advisors communicated to J.P. Morgan that it was willing to increase its proposed purchase price to $23.25 per share, with a portion of the consideration to be comprised of up to 19.9% of Party C's then-outstanding common stock, which would represent approximately 34% of the total consideration. Party C's revised proposal represented a 40% premium over the closing price of the Company Common Stock of $16.56 on that date.

On December 4, 2015, Mr. Phillippy had a telephone conversation with Mr. Colella, during which Mr. Colella communicated Parent's interest in a potential acquisition of the Company. Messrs. Phillippy and Colella scheduled an initial due diligence meeting for December 10, 2015 in Irvine, California.

On December 7, 2015, Messrs. Phillippy and Coyne met with the CEO and CFO of Party A to further discuss the merits of a potential strategic business combination. Mr. Phillippy and Party A's CEO agreed to schedule a subsequent discussion on this topic. However, Party A's CEO indicated that he would not be available for that discussion until January 2016. On the same date, Mr. Simone met with the CEO of Party B to discuss the strategic fit of the Company and Party B and the Company's business units.

On December 8, 2015, the Company and Parent entered into a confidentiality agreement with a customary standstill provision that would terminate in the event that the Company entered into a definitive acquisition agreement with another party. On the same date, at the direction of the Company Board, Mr. Phillippy had a telephone conversation with Party C's CEO, during which he responded to Party C's revised proposal with a counter-proposal at a price of $24.75 per share. Party C indicated that it was not interested in moving forward with an acquisition of the Company at that price.

On December 10, 2015, Messrs. Phillippy and Cargile met with Mr. Colella, as well as Messrs. Seth H. Bagshaw, John H. Ippolito, and Eric S. Snyder, Parent's CFO, Vice President, Corporate Development, and Vice President, Quality & Reliability, respectively. These individuals participated in management meetings to discuss the potential acquisition of the Company by Parent. The Company subsequently provided business and financial due diligence materials to Parent in response to Parent's follow-up requests, and answered various business-related questions from representatives of Parent, in order to assist Parent in preparing its preliminary valuation model for the Company.

On December 14, 2015, Messrs. Potashner and Phillippy met with the Chairman and CEO of Party B, during which they discussed the strategic rationale for a stock-for-stock merger between the companies, the leadership of the combined company and preliminary transaction structuring matters.

On December 18, 2015, Party B submitted a preliminary, non-binding proposal for a stock-for-stock merger with the Company in an "at market" transaction. Based on this proposal, the Company agreed to schedule due diligence meetings in January 2016 with Party B.

On December 23, 2015, Parent submitted a preliminary, non-binding proposal to acquire the Company for $20.50 per share in cash, representing a 26% premium over the closing price of the Company Common Stock of $16.26 on that date. Also on December 23, 2015, Party A communicated its willingness to schedule telephonic meetings between January 20 and January 22, 2016 to discuss moving forward with a proposed strategic combination.

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On December 28, 2015, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives from J.P. Morgan were present. Mr. Phillippy summarized the recent developments with Party A, Party B, Party C and Parent. The Company Board discussed the strategic rationale for each potential transaction, as well as the benefits and risks to the Company's stockholders associated with each potential transaction, including: (i) the increased global scale and market presence and cost and sales synergies achievable in a combination with Party A, and the risks related to execution, integration and customer reaction; (ii) the strategic benefits and the cost, tax and technology synergies that could be achieved in a combination with Party B, and the risks related to integration, low organic growth rates, and lack of fit of certain of Party B's business segments within the combined company; (iii) the potential benefits to the Company's stockholders of being able to participate in the future value created by a combination with Party C due to the equity component of the proposed consideration, as well as the previously discussed antitrust and financing risks; and (iv) whether Parent would likely be willing to increase its proposed purchase price, and the likely limited amount of antitrust risk involved in an acquisition of the Company by Parent. Representatives from J.P. Morgan then presented their financial analysis of the outstanding proposals from Party B, Party C and Parent. After J.P. Morgan's presentation, the Company Board discussed next steps for responding to Party B, Party C and Parent. The Company Board then directed J.P Morgan to (i) continue discussions with Party B to gauge the potential strategic benefits and synergies that could be achieved in a strategic business combination, (ii) inform Party C that the Company's process was taking longer than anticipated and that the Company would provide a response to Party C as soon as practicable, and (iii) communicate to Parent that it would need to significantly improve its proposal to remain competitive in the process.

On January 2, 2016, J.P. Morgan had a telephone conversation with Lazard Frères & Co. LLC, Parent's financial advisors ("*Lazard*"), to communicate the Company Board's response to Parent's proposal. The Company informed Parent that it would need to increase its proposed purchase price significantly for it to be competitive, and offered to provide Parent with additional due diligence information to enable Parent to further consider its valuation of the Company.

On January 7, 2016, J.P. Morgan had a telephone conversation with Party C's financial advisors and communicated that the Company would provide feedback on Party C's most recent proposal in the next few weeks.

On January 8, 2016, Messrs. Phillippy, Cargile and Coyne, and representatives from J.P. Morgan, conducted an in-person due diligence meeting with Party B's senior management and financial advisors to discuss the strategic rationale for a merger transaction and potential synergies and to exchange preliminary due diligence information.

On January 11, 2016, Messrs. Phillippy and Cargile, together with representatives of J.P. Morgan, conducted an in-person due diligence meeting with Parent's senior management and representatives of Lazard to discuss the Company's business and answer follow-up questions.

On January 14, 2016, Mr. Cargile met with Party B's CFO to prepare a preliminary estimate of the amount of operating synergies that could be achievable in a combination with the Company. On the same date, the Company and Party B also held an initial conference call with legal and financial advisors to discuss tax synergies. Finally, on the same date, the Company's management also held due diligence calls with Parent regarding information technology and tax matters.

On January 15, 2016, the Company and Party B held a conference call with their legal and financial advisors to discuss the potential tax savings that could be achieved in a strategic combination transaction. Also on January 15, 2016, Parent submitted a revised proposal to acquire the Company for $23.00 per share in cash, representing a 65% premium over the closing price of the Company Common Stock of $13.97 on that date. Parent proposed conducting due diligence in parallel with the negotiation

of the definitive documents for the acquisition, with a target of announcing a transaction in mid-February 2016, and requested that the Company agree to exclusivity through February 19, 2016.

On January 18, 2016, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Representatives from J.P. Morgan summarized the recent developments with Party B, Party C and Parent. Representatives from J.P. Morgan and the Company's management then reviewed projected financial information for Party B and presented information regarding the synergies that could be achieved in a strategic combination transaction with Party B and the potential value creation resulting from the combination, as well as various other financial valuation analyses. Representatives of J.P. Morgan also presented their financial analysis of the most recent acquisition proposals submitted by Party C and Parent. Representatives from Gibson Dunn then reviewed and answered questions regarding certain legal considerations. The Company Board then discussed the significant antitrust risks posed by a transaction with Party C that had been raised at prior meetings. Representatives of Gibson Dunn and Mr. Coyne provided further input regarding the deal certainty risks in connection with a transaction with Party C. Following this discussion, and after considering the advice of Gibson Dunn and J.P. Morgan, the Company Board determined that on balance, the Parent proposal appeared to be the most attractive and that the best course of action would be to further engage with Parent without granting exclusivity, before asking Party C for its best and final offer. After the Company's management and the representatives of J.P. Morgan left the meeting, the Company Board discussed the various alternative proposed transactions. After evaluating the proposals, the Company Board resolved to direct J.P. Morgan to (i) work with Parent on a non-exclusive basis to solidify their proposal and seek additional insight into their due diligence process, their positions on certain key provisions in the draft Merger Agreement and their access to financing and (ii) after solidifying Parent's proposal, reengage Party C to confirm or update its proposal. The Company Board also resolved to continue discussions with Party B while working with Party C and Parent.

After the Company Board meeting, J.P. Morgan informed Parent's advisors that the Company Board was not willing to grant Parent exclusivity at that time, but that Parent could proceed with detailed due diligence on a non-exclusive basis.

On January 19, 2016, Parent and its advisors received access to the virtual data room established by the Company to share certain information related to the Company and the proposed acquisition, including the draft Merger Agreement.

Also on January 19, 2016, Party B informed the Company that it had decided not to move forward with further negotiations regarding a strategic combination with the Company.

On January 22, 2016, Messrs. Phillippy and Coyne spoke with the CEO of Party A, who expressed a continuing interest in discussing a potential strategic merger and suggested a meeting on February 17, 2016.

On January 25, 2016, Mr. Phillippy had a telephone conversation with Mr. Colella to discuss the scope and timing of Parent's due diligence process.

Between January 28 and February 12, 2016, Parent toured the Company's facilities in Wuxi, China; Santa Clara and Irvine, California; Jerusalem, Israel; Rochester, New York; and Franklin, Massachusetts.

On January 29, 2016, Wilmer Cutler Pickering Hale and Dorr LLP, Parent's outside counsel ("*WilmerHale*"), provided an initial list of key issues with respect to the draft Merger Agreement to representatives of Gibson Dunn and the Company.

On January 31 and February 1, 2016, the Company's senior management team conducted in-person due diligence meetings with Parent in Irvine, California. Representatives of Parent met with the leaders

of each of the Company's business groups, as well as the Company's sales, finance, legal, human resources and information technology personnel.

On February 3, 2016, J.P. Morgan contacted Party C's financial advisors to assess Party C's interest in submitting a revised proposal to increase their proposed purchase price from $23.25 per share.

On February 4, 2016, Parent provided the Company with a draft financing commitment letter and term sheet from Barclays plc, evidencing its financing sources.

On February 5, 2016, Mr. Phillippy had a telephone conversation with Mr. Colella to discuss the terms and parameters of the proposed transaction, during which Mr. Colella expressed that Parent was unwilling to engage in further price discussions.

On February 8, 2016, Party C's financial advisors communicated to J.P. Morgan that, in light of the recent market turbulence, Party C was not willing to increase its most recent proposed price of $23.25 per share, and was no longer interested in pursuing an acquisition of the Company.

On February 10, 2016, Parent submitted a letter to the Company reaffirming its acquisition proposal at a price of $23.00 per share in cash, representing a 59% premium over the closing price of the Company Common Stock of $14.49 on that date, and requesting exclusivity through February 25, 2016. Parent's letter stated that the acquisition proposal was discussed and supported by Parent's board of directors. Parent also confirmed that it had made significant progress with respect to due diligence and committed financing, and was only conducting a confirmatory due diligence review at that time. Parent further indicated that it did not anticipate any "major contract hurdles" after reviewing the draft Merger Agreement.

On February 11, 2016, Parent provided a mark-up of the draft Merger Agreement, revised draft debt commitment documents and a list of outstanding confirmatory due diligence issues and requests to the Company.

Also on February 11, 2016, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. Representatives from J.P. Morgan discussed the recent developments with Party A, Party B, Party C and Parent, and the Company Board determined that a transaction with Party A was unlikely to deliver value in the near-term that would be greater than the price of $23.00 per share proposed by Parent. Mr. Coyne then referred the Company Board to the summary of draft Merger Agreement issues that had been provided to the Company Board, and reviewed certain significant issues. Mr. Coyne and representatives of Gibson Dunn answered the Company Board's questions regarding the various draft Merger Agreement issues. The Company Board then discussed whether to grant Parent's request for exclusivity, asking questions of the representatives of Gibson Dunn and Mr. Coyne, and resolved to grant Parent exclusivity through February 22, 2016. Representatives of J.P. Morgan then reviewed their financial analysis of Parent's proposal. On the same date, Mr. Phillippy notified Party A's CEO that he would not be able to meet as planned on February 17, 2016.

On February 12, 2016, the Company and Parent entered into an exclusivity agreement that, until 11:59 p.m. Pacific time on February 22, 2016, prohibited the Company from, directly or indirectly, soliciting acquisition proposals or providing any non-public information or entering into discussions or negotiations with parties other than Parent in connection with alternative transactions.

From February 12, 2016 to February 22, 2016, representatives of the Company and Parent, together with representatives from Gibson Dunn and WilmerHale, negotiated the terms and conditions of the Merger Agreement and the ancillary documents related thereto, including terms related to the definition of "material adverse effect," the Company Board's "fiduciary out" in the event of an alternative proposal, the preparation of the Company's proxy statement and the holding of a Company stockholder meeting, the conditions under which the Merger Agreement could be terminated, the

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amount of the break-up fee and the conditions under which Parent would be entitled to receive the break-up fee. During this period, Parent and its financing sources also continued to conduct confirmatory due diligence.

On February 19, 2016, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives of Gibson Dunn and J.P. Morgan were present. Mr. Coyne and representatives of Gibson Dunn summarized the status of the Merger Agreement and the related transaction documents, including the remaining open issues with respect thereto, and answered questions from the Company Board. The Company's management also answered questions from the Company Board regarding the status of Parent's financing and its due diligence activities.

On February 21, 2016, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives of Gibson Dunn and J.P. Morgan were present. Representatives of J.P. Morgan presented their financial analysis of the proposed transaction with Parent and reviewed valuation ranges for the Company based on a variety of methodologies. Representatives of Gibson Dunn discussed the fiduciary duties of the Company Board relating to their consideration of the Merger Agreement and the Merger, and reviewed the overall transaction timeline and process, including the various proposals received and considered by the Company Board. Representatives of Gibson Dunn then referred the Company Board to the summary of the final provisions of the Merger Agreement and related transaction documents that had been provided to the Company Board, and reviewed certain key provisions of those documents in detail. After members of the Company's management and representatives from J.P. Morgan left the meeting, the Company Board discussed the proposed transaction with Parent.

Also on February 21, 2016, the Independent Committee held a special telephonic meeting. The Independent Committee considered the terms of the Merger Agreement and the proposed transaction with Parent, and the draft fairness opinion of J.P. Morgan, and resolved to recommend the Merger Agreement and the proposed transaction with Parent to the Company Board.

On February 22, 2016, the Company Board, including the members of the Independent Committee, held a special telephonic meeting, at which members of the Company's management and representatives from Gibson Dunn and J.P. Morgan were present. The Company Board received the Independent Committee's recommendation of the Merger Agreement and the Merger, and J.P. Morgan rendered its oral fairness opinion to the Company Board, confirmed by delivery of a written opinion, dated February 22, 2016, that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to the holders of Company Common Stock in the proposed Merger was fair, from a financial point of view, to such holders. After discussing the final terms of the Merger Agreement and the proposed transaction with Parent, the Company Board unanimously resolved to approve the terms of the Merger Agreement and recommend it for adoption by the Company's stockholders.

Recommendation of the Company Board; Our Reasons for the Merger

Recommendation of the Company Board

After careful review and consideration, the Company Board, upon the unanimous recommendation of an independent committee of the Company Board, unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, the Company and its stockholders. After such consideration, the Company Board approved the Merger Agreement and authorized and approved the Merger upon the terms and conditions set forth in the Merger Agreement.

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Accordingly, subject to the terms and conditions of the Merger Agreement, the Company Board unanimously recommends that our stockholders vote "**FOR**" the Merger Proposal, "**FOR**" the Adjournment Proposal and "**FOR**" the Merger-Related Named Executive Officer Compensation Proposal.

Our Reasons for the Merger

In considering its decision to approve the Merger Agreement and to authorize and approve the Merger and, subject to the terms and conditions of the Merger Agreement, to recommend the approval of the Merger Proposal, the Adjournment Proposal and the Merger-Related Named Executive Officer Compensation Proposal by our stockholders, the Company Board consulted with our management, as well as our legal and financial advisors, and considered the terms of the proposed Merger Agreement, the Merger and the other transactions set forth in the Merger Agreement, as well as other alternative transactions, including contacts and extensive discussions with other potential acquirers. Notwithstanding the rigorous process described in the section entitled "*Background of the Merger*" beginning on page 29 of this proxy statement, no other potential acquirer offered an alternative as favorable to Newport stockholders as the Merger.

The Company Board considered a number of positive factors in its deliberations, including the following (which factors are not necessarily presented in order of relative importance):

- *Best Alternative for Maximizing Stockholder Value.* Receipt of the merger consideration of $23.00 per share in cash was more favorable to the Company's stockholders than the potential value that might result from other potential transactions (or remaining independent). This decision was based on, among other things, the Company Board's assessment of:
  - the Company's historical operating and financial performance, its competitive position, its future prospects, and its resources at hand, including cash;
  - the advantages of entering into the Merger Agreement in comparison with the risks of remaining independent, including risks related to achieving the Company's financial projections as a standalone company, the risks inherent in Newport's industry, potential changes in laws affecting that industry, the economy and capital markets as a whole, and the various additional risks and uncertainties that are described in the Company's most recent annual report filed with the SEC on Form 10-K;
  - the Company Board's belief that it had negotiated the highest price per share for Company Common Stock that Parent was willing to pay; and
  - the Company Board's belief that the process conducted by the Company had resulted in the highest price reasonably available to the Company.
- *Attractive Value.* The Company Board concluded that the merger consideration of $23.00 per share represented an attractive valuation for the Company and an opportunity for the Company stockholders to receive a significant premium over the market price of the Company Common Stock. The Company Board reviewed the historical market prices, volatility and trading information with respect to the Company's Common Stock, including:
  - the fact that the proposed merger consideration of $23.00 per share represents a premium of (i) 57% compared to $14.69, Newport's average closing price for the one-month period ended February 22, 2016, the last trading date prior to the public announcement of the proposed Merger, (ii) 52% compared to $15.14, Newport's average closing price for the six-month period ended as of such date, and (iii) 53% compared to the closing price of Company Common Stock of $15.04 on February 22, 2016, the last trading date prior to the public announcement of the proposed Merger; and

- the unlikelihood of a transaction proposal at a higher value than the cash price to be paid by Parent, in light of the fact that the Company actively negotiated increases in the initial and subsequent offers made by the potential acquirers, including Parent;

Greater Certainty of Value. The proposed merger consideration consists solely of cash, which provides immediate liquidity and certainty of value to our stockholders compared to any transaction in which stockholders would receive shares of an acquirer's stock. The receipt of cash consideration also eliminates for our stockholders the risk of the continued execution of our business on a stand-alone basis. The Company Board also considered the likelihood that the closing of the Merger can occur promptly, likely in the second quarter of 2016.

Likelihood of Completion. The likelihood that the Merger will be consummated, particularly in view of the terms of the Merger Agreement and the closing conditions. In that regard, the Company Board noted:

- that Parent obtained the Commitment Letter, and the terms thereof (as more fully described below under the caption " *Financing of the Merger*");

- that Parent's obligation to complete the Merger is not subject to any financing-related condition;

- that Parent represented in the Merger Agreement that it will have, at the effective time of the Merger, sufficient cash, available lines of credit or other sources of immediately available funds to consummate the transactions contemplated by the Merger Agreement, including payment of the merger consideration;

- the limited number of conditions to the Merger;

- the relative likelihood of obtaining required regulatory approvals;

- that Parent committed in the Merger Agreement to use its reasonable best efforts to take all actions and do all things necessary, proper or advisable under applicable law to consummate the transactions contemplated by the Merger Agreement, including the Merger; and

- the remedies available under the Merger Agreement to Newport in the event of various breaches by Parent.

Receipt of Opinion from J.P. Morgan. The financial analysis of J.P. Morgan Securities LLC ("*J.P. Morgan*") that was performed in connection with the written opinion of J.P. Morgan dated February 22, 2016, to the effect that, as of such date and based upon and subject to the various factors and assumptions set forth in the written opinion, the merger consideration of $23.00 per share to be paid to the holders of Company Common Stock in the proposed Merger was fair, from a financial point of view, to such holders, as more fully described under " *Opinion of J.P. Morgan Securities LLC*" beginning on page 44 of this proxy statement, as well as the full text of J.P. Morgan's fairness opinion, dated February 22, 2016, which is attached to this proxy statement as Annex C.

The terms and conditions of the Merger Agreement, including Newport's ability to consider and respond to, under certain circumstances specified in the Merger Agreement, an unsolicited bona fide written Acquisition Proposal (as more fully described under "*The Merger Agreement No Shop; Acquisition Proposals; Change in Recommendation*" beginning on page 78 of this proxy statement), and the Company Board's right, after complying with the terms of the Merger Agreement, to terminate the Merger Agreement in order to enter into an agreement with respect to a Superior Proposal (as more fully

described under "*The Merger Agreement Termination of the Merger Agreement*" beginning on page 87 of this proxy statement), subject to certain match rights in favor of Parent and upon payment of a termination fee to Parent of

$32,600,000 (approximately 3.5% of the equity value), which is within the customary range of termination fees payable in similar transactions.

The Merger would be subject to the approval of Newport stockholders, and the stockholders would be free to reject the Merger.

The Company Board's view that the Merger Agreement was the product of arm's-length negotiations and contained customary terms and conditions.

The Company Board also considered potential drawbacks and risks relating to the Merger, including the following (which drawbacks and risks are not necessarily presented in order of relative importance):

Newport will no longer exist as an independent company, and accordingly, Newport stockholders will no longer participate in any future growth Newport may have or any potential future increase in its value.

There can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if the Merger Proposal is approved by Newport stockholders. If the Merger is not completed, (i) Newport will have incurred significant risk and transaction and opportunity costs, including the possibility of disruption to our operations, diversion of management and employee attention, employee attrition and a potentially negative effect on our business and customer relationships, (ii) the trading price of shares of Company Common Stock would likely be adversely affected and (iii) the market's perceptions of Newport's prospects could be adversely affected.

Newport's management's focus and resources may become diverted from other important business opportunities and operational matters while working to implement the Merger, which could adversely affect Newport's business.

The effect of a public announcement of Newport entering into the Merger Agreement on Newport's operations, stock price and employees and its ability to attract and retain key management, research, manufacturing and sales personnel while the Merger is pending and the potential adverse effects on the financial results of Newport as a result of that disruption, as well as the possibility of any suit, action or proceeding in respect of the Merger Agreement or the transactions contemplated by the Merger Agreement.

The operations of Newport will be restricted by interim operating covenants during the period between signing the Merger Agreement and the effective time of the Merger, which could effectively prohibit Newport from undertaking any strategic initiatives or other material transactions to the detriment of Newport and its stockholders. See the section entitled "*The Merger Agreement Conduct of Business Pending the Closing*" beginning on page 74 of this proxy statement.

The Merger will be a taxable transaction to Newport stockholders that are U.S. holders (as defined in " *Material U.S. Federal Income Tax Consequences*" beginning on page 61 of this proxy statement) for U.S. federal income tax purposes and, therefore, such stockholders generally will be required to pay U.S. federal income tax on any gains they recognize as a result of the Merger.

That the terms of the Merger Agreement prohibit Newport and its representatives from soliciting third party bids, which terms could reduce the likelihood that other potential acquirers would propose an alternative transaction that may be more advantageous to our stockholders.

The possibility that if the Merger Agreement is terminated under certain specified circumstances, Newport may be required to pay Parent a termination fee of $32,600,000, as more fully described in "*The Merger Agreement Transaction Expenses and Termination Fees*" beginning on page 88 of this proxy statement.

That the obligation of the Commitment Parties to provide Debt Financing to Parent under the Commitment Letter is subject to a number of conditions, and there is a risk that these conditions will not be satisfied, and that Debt Financing or alternative financing otherwise may not be available when required (as more fully described in *" Financing of the Merger"*).

The Company Board also considered that certain of our directors and officers may have conflicts of interest in connection with the Merger, as they may receive certain benefits that are different from, or in addition to, those of our other stockholders. See the section entitled " *Interests of Our Directors and Executive Officers in the Merger*" beginning on page 56 of this proxy statement.

After taking into account all of the factors set forth above, as well as others, the Company Board unanimously agreed that the benefits of the Merger outweighed the drawbacks and risks and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, the Company and its stockholders, approved the Merger Agreement, and authorized and approved the Merger upon the terms and conditions set forth in the Merger Agreement and recommended that our stockholders vote to approve the Merger Proposal at the special meeting.

The foregoing discussion is not intended to be an exhaustive list of the information and factors considered by the Company Board in its consideration of the Merger, but is merely a summary of the material positive factors and material drawbacks and risks considered by the Company Board in that regard. In view of the number and variety of factors and the amount of information considered, the Company Board did not find it practicable to, and did not make specific assessments of, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, the Company Board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of the Company Board may have given different weights to different factors. The Company Board made its recommendation based on the totality of information presented to, and the investigation conducted by, the Company Board.

Opinion of J.P. Morgan Securities LLC

Pursuant to an engagement letter dated January 28, 2016, the Company retained J.P. Morgan as its financial advisor in connection with the proposed Merger and to deliver a fairness opinion in connection with the proposed Merger.

At the meeting of the Company Board on February 22, 2016, J.P. Morgan rendered its oral opinion to the Company Board that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to holders of Company Common Stock in the proposed Merger was fair, from a financial point of view, to such holders. J.P. Morgan confirmed its February 22, 2016 oral opinion by delivering its written opinion to the Company Board, dated February 22, 2016, that, as of such date, the consideration to be paid to the holders of Company Common Stock in the proposed Merger was fair, from a financial point of view, to such holders. The full text of the written opinion of J.P. Morgan dated February 22, 2016, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Annex C to this proxy statement and is incorporated herein by reference. Holders of Company Common Stock are urged to read the opinion in its entirety. J.P. Morgan's written opinion was addressed to the Company Board (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed Merger, was directed only to the consideration to be paid in the proposed Merger and did

not address any other aspect of the proposed Merger. J.P. Morgan expressed no opinion as to the fairness of the consideration to the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the proposed Merger. The issuance of J.P. Morgan's opinion was approved by a fairness committee of J.P. Morgan. The summary of the opinion of J.P. Morgan set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion. The opinion does not constitute a recommendation to any holder of Company Common Stock as to how such holder should vote with respect to the proposed Merger or any other matter.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft dated February 22, 2016 of the Merger Agreement;

- reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;

- compared the proposed financial terms of the Merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;

- compared the financial and operating performance of the Company with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of the Company Common Stock and certain publicly traded securities of such other companies;

- reviewed certain internal financial analyses and forecasts prepared by or at the direction of the management of the Company relating to its business; and

- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with certain members of the management of the Company with respect to certain aspects of the proposed Merger, the past and current business operations of the Company, the financial condition and future prospects and operations of the Company and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by the Company or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (and did not assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct, nor was it provided with, any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of the Company or Parent under any applicable laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan also assumed that the proposed Merger and the other transactions contemplated by the Merger Agreement will be consummated as described in the Merger Agreement and this proxy statement, and that the definitive Merger Agreement would not differ in any material respect from the draft thereof provided to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by the Company and Parent in the Merger Agreement and the related agreements were and will be true and correct in all respects material to its analysis. J.P Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to the Company with respect to such issues. J.P. Morgan further assumed

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that all material governmental, regulatory or other consents and approvals necessary for the consummation of the proposed Merger will be obtained without any adverse effect on the Company or on the contemplated benefits of the proposed Merger.

J.P. Morgan's opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of such opinion. J.P. Morgan's opinion noted that subsequent developments may affect J.P. Morgan's opinion, and that J.P. Morgan does not have any obligation to update, revise, or reaffirm such opinion. J.P. Morgan's opinion is limited to the fairness, from a financial point of view, of the consideration to be paid to holders of Company Common Stock in the proposed Merger, and J.P. Morgan has expressed no opinion as to the fairness of any consideration to the holders of any other class of securities, creditors or other constituencies of the Company or the underlying decision by the Company to engage in the proposed Merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the proposed Merger, or any class of such persons relative to the consideration in the proposed Merger or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which the Company Common Stock will trade at any future time.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methodology in rendering its opinion to the Company Board on February 22, 2016, which methodology was contained in the presentation delivered to the Company Board on such date in connection with the rendering of such opinion, and does not purport to be a complete description of the analyses or data presented by J.P. Morgan. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's analyses.

Public Trading Multiples. Using publicly available information, J.P. Morgan compared selected financial data of the Company with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be analogous to the business of the Company. These companies were selected, among other reasons, because they are publicly traded companies with operations and businesses that, for the purposes of J.P. Morgan's analysis, may be considered similar to those of the Company based on business sector participation, operational characteristics and financial metrics. However, none of the companies selected are identical to the Company, and certain of the companies may have characteristics that are materially different from those of the Company. The companies selected by J.P. Morgan were as follows:

Analogic Corporation ("*Analogic*")

Coherent, Inc. ("*Coherent*")

Finisar Corporation ("*Finisar*")

GSI Group Inc. ("*GSI Group*")

II-VI Incorporated ("*II-VI*")

IPG Photonics Corporation ("*IPG Photonics*")

Jenoptik Group ("*Jenoptik*")

Lumentum Holdings Inc. ("*Lumentum*")

Rofin-Sinar Technologies Inc. ("*Rofin*")

Carl Zeiss Meditec AG ("*Zeiss*")

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For each of the selected companies, J.P. Morgan calculated the stock price of its common equity on February 22, 2016 divided by the publicly available Wall Street analysts' consensus estimates of earnings per share for calendar year 2016 ("*CY2016E P/E*").

The following table represents the results of this analysis:

Selected Company	**CY2016E P/E**
Analogic	16.7x
Coherent	18.2x
Finisar	13.0x
GSI Group	11.3x
II-VI	13.8x
IPG Photonics	15.7x
Jenoptik	12.0x
Lumentum	17.2x
Rofin	13.3x
Zeiss	22.9x
Median	14.7x
Company	9.8x

Based on the results of this analysis and other factors J.P. Morgan considered appropriate, J.P. Morgan selected a multiple reference range of 9.5x to 15.5x for CY2016E P/E, and applied such reference range to the Company's non-GAAP earnings per share estimate for calendar year 2016, as provided by the management of the Company in its Base Case Forecasts (as defined in the subsection entitled " *Certain Financial Forecasts*"). This resulted in an implied equity value range of $16.25 to $26.75 per share (in each case, rounded to the nearest $0.25), compared to (i) the closing price of the Company Common Stock on February 22, 2016 of $15.04 per share (the "*Unaffected Price*"), which was the last trading day prior to the public announcement of the Merger, and (ii) the merger consideration of $23.00 per share.

For each of the selected companies, J.P. Morgan also calculated the multiple of enterprise value to the EBITDA (defined as earnings before interest, taxes, depreciation and amortization) for calendar year 2016 ("*EV/CY2016E EBITDA*"). The multiples were based on the selected companies' closing stock prices on February 22, 2016 and publicly available Wall Street analysts' consensus estimates.

The following table represents the results of this analysis:

Selected Company	**EV/CY2016E EBITDA**
Analogic	8.7x
Coherent	9.6x
Finisar	6.1x
GSI Group	6.8x
II-VI	8.1x
IPG Photonics	8.7x
Jenoptik	8.2x
Lumentum	10.1x
Rofin	6.1x
Zeiss	12.1x
Median	8.5x
Company	5.7x

Based on the results of this analysis and other factors J.P. Morgan considered appropriate, J.P. Morgan selected a multiple reference range of 5.5x to 8.5x EV/CY2016E EBITDA, and applied such

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reference range to the Company's EBITDA estimate for calendar year 2016, as provided by the management of the Company. This resulted in an implied equity value range of $15.75 to $24.25 per share (in each case, rounded to the nearest $0.25), compared to (i) the Unaffected Price and (ii) the merger consideration of $23.00 per share.

Discounted Cash Flow Analysis. J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining an implied fully diluted equity value per share for the Company Common Stock. In performing this analysis, J.P. Morgan used the forecasted unlevered free cash flows for calendar years 2016 through 2025 that were calculated using the Base Case Forecasts prepared by the management of the Company. J.P. Morgan treated stock-based compensation as a cash expense in the unlevered free cash flow calculation for purposes of its discounted cash flow analysis, as stock-based compensation was viewed by J.P. Morgan as a true economic expense of the business. J.P. Morgan also calculated a range of terminal values of the Company by applying perpetuity growth rates ranging from 2.5% to 3.5% to the unlevered free cash flow of the Company during the terminal year. The unlevered free cash flows and the range of terminal values were then discounted to present values using a range of discount rates from 9.0% to 11.0%, which were chosen by J.P. Morgan based upon an analysis of the weighted average cost of capital of the Company and were applied using the mid-year convention for discounting. The present values of the unlevered free cash flows and the range of terminal values were then adjusted for the Company's net debt. Based on the results of this analysis, J.P. Morgan arrived at a range of implied equity values for the Company Common Stock of between $18.50 and $26.25 per share (in each case, rounded to the nearest $0.25), compared to (i) the Unaffected Price and (ii) the merger consideration of $23.00 per share.

Selected Transaction Analysis. Using publicly available information, J.P. Morgan reviewed selected transactions involving companies that engaged in businesses which J.P. Morgan judged to be reasonably analogous to the business of the Company or aspects thereof. For each of the selected transactions, J.P. Morgan calculated the transaction enterprise value (EV) of each target company as of the date of the applicable transaction announcement by such target company's EBITDA (earnings before interest, taxes, depreciation and amortization) for the last twelve months ("EV/LTM EBITDA"). Specifically, J.P. Morgan reviewed the following transactions:

Acquirer	Target	Date Announced	EV/LTM EBITDA
AMETEK, Inc.	Zygo Corporation	April 2014	8.9x
Oxford Instruments plc	Andor Technology	December 2013	14.6x
Excelitas Technologies Corporation	Qioptiq	September 2013	N/A
Teledyne Technologies Incorporated	LeCroy Corporation	May 2012	8.3x
AXA Private Equity	Photonis Group	September 2011	10.1x
Newport Corporation	Ophir Optronics Ltd.	July 2011	11.5x
IDEX Corporation	CVI Melles Griot	May 2011	10.8x
Bruker Corporation	Veeco Metrology, Inc.	August 2010	10.8x
GSI Group Inc.	Excel Technology, Inc.	July 2008	13.5x
Qioptiq Group	Linos AG	July 2006	8.7x
Candover Investments plc	Thales Group Optical Components	September 2005	N/A
Median			**10.8x**

Based on the results of this analysis and other factors J.P. Morgan considered appropriate, J.P. Morgan selected a multiple reference range of 8.5x to 11.5x for EV/LTM EBITDA, and applied this reference range to the Company's EBITDA for calendar year 2015, as provided by the management of the Company in the Base Case Forecasts. This resulted in an implied equity value range of $19.25 to $26.25 per share (in each case, rounded to the nearest $0.25), compared to (i) the Unaffected Price and (ii) the merger consideration of $23.00 per share.

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Other Information. J.P. Morgan also reviewed and presented other information and noted that such analyses are not valuation methodologies but presented these analyses for reference purposes only.

J.P. Morgan noted that the 52-week trading range of the Company Common Stock ending on February 22, 2016 ranged from a low of $13.42 to a high of $20.59 per share.

J.P. Morgan also noted price targets set by published equity research analysts for Company Common Stock prior to February 22, 2016 ranged from a low of $20.00 to a high of $22.50 per share.

J.P. Morgan also performed public trading multiples analyses for CY2016E P/E and EV/CY2016E EBITDA similar to the analyses described above under " *Public Trading Multiples*" using the same multiple reference ranges and the same selected public companies for each as described above under " *Public Trading Multiples*," and, in each case, as applied to publicly available Wall Street analysts' consensus estimates for the Company. Such analyses resulted in an implied equity value range of $14.50 to $23.75 per share (in each case, rounded to the nearest $0.25) for CY2016E P/E and an implied equity value range of $14.50 to $22.50 per share (in each case, rounded to the nearest $0.25) for EV/CY2016E EBITDA.

Miscellaneous. The foregoing summary of material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of J.P. Morgan with respect to the actual value of the Company. The order of analyses described does not represent the relative importance or weight given to those analyses by J.P. Morgan. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion.

Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be acquired or sold. None of the selected companies reviewed as described in the above summary is identical to the Company, and none of the selected transactions reviewed was identical to the Merger. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of the Company. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of J.P. Morgan's analysis, may be considered similar to the Merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to the Company and the transactions compared to the Merger.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes. J.P.

Morgan was selected to advise the Company with respect to the Merger and deliver an opinion to the Company Board with respect to the Merger on the basis of, among other things, such experience and its qualifications and reputation in connection with such matters and its familiarity with the Company and the industries in which it operates.

For services rendered in connection with the Merger and the delivery of its opinion, the Company has agreed to pay J.P. Morgan a transaction fee of 1.25% of the total transaction value, $2 million of which was payable upon delivery by J.P. Morgan of its opinion and the remainder of which is payable contingent upon the consummation of the Merger. In the event that the Merger is not consummated and the Company receives any break fee payment pursuant to the termination, abandonment or failure to occur of the Merger, the Company will pay J.P. Morgan a fee equal to 25% of such payment, less the $2 million fee paid by the Company upon delivery of J.P. Morgan's opinion, but in no event will the payment to J.P. Morgan, together with any other fees paid to J.P. Morgan in connection with the transaction, exceed the transaction fee that would have been paid to J.P. Morgan if the Merger had been consummated. In addition, the Company has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities arising out of J.P. Morgan's engagement.

During the two years preceding the date of J.P. Morgan's opinion, neither J.P. Morgan nor its affiliates have had any other material financial advisory or other material commercial or investment banking relationships with the Company or Parent. However, J.P. Morgan's commercial banking affiliate is an agent bank and a lender under an outstanding credit facility of the Company, for which it receives customary compensation or other financial benefits. In the ordinary course of J.P. Morgan's businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of the Company or Parent for its own account or for the accounts of customers and, accordingly, J.P. Morgan may at any time hold long or short positions in such securities.

Certain Financial Forecasts

Newport does not as a matter of course make public projections, other than customary guidance for the current period, as to future sales, earnings, or other results. However, the management of the Company has prepared the prospective financial information set forth below and provided the prospective financial information to J.P. Morgan in its capacity as the Company's financial advisor, specifically forecasts prepared by the Company's management for the Company's standalone financial performance for fiscal years 2015 through 2020. These forecasts included two scenarios: (i) a "base case" scenario, assuming significant share repurchases but no acquisitions (the "*Base Case Forecasts*"); and (ii) an "acquisition case" scenario, assuming a combination of share repurchases and acquisitions (the "*Acquisition Forecasts*") (collectively, the "*Forecasts*"). In developing the Forecasts, the Company's management made assumptions regarding the impact of (i) forecasted organic growth rates in the markets served by the Company; (ii) future competitive conditions, including opportunities to gain market share and other customer opportunities; (iii) changes in average sales prices for the Company's products to customers; (iv) inflation rates on sales prices and the Company's operating costs; (v) changes in the Company's operating costs to support sales growth; (vi) investments that may be necessary to support future sales; (vii) current product offerings, new product introductions and technology developments, and the investments that may be necessary to support these activities; (viii) future economic and financial market conditions and risks, including interest rates and tax rates; (ix) capital investments necessary to support future revenue opportunities; and (x) the Company's ability to successfully repurchase shares of Company Common Stock on suitable terms. In addition, in developing the Acquisition Forecasts, the Company's management made assumptions regarding: (i) management's ability to successfully identify, negotiate and execute potential acquisition transactions with companies having average total incremental revenue of $50 million per year; (ii) the impact of such acquisitions on the Company's cash and debt balances; and (iii) the Company's ability to

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successfully repurchase shares of Company Common Stock on suitable terms. Each of the foregoing assumptions is difficult to predict accurately and many of these assumptions are beyond our control. The Forecasts were prepared on a different basis, for a different purpose and at a different time than the Company's public guidance as to its annual financial performance and on a different basis, for a different purpose and at a different time than other internal financial forecasts that Company management may prepare for its own use or for the use of the Company Board in evaluating the Company's business. The Forecasts were prepared in connection with the Company's consideration of a possible transaction; the Acquisition Forecasts were prepared to provide the Company with a potential alternative standalone perspective to the Base Case Forecasts reflecting a hypothetical scenario in which the Company was projected to complete significant acquisitions each year during the period. The Forecasts do not, and were not intended to, correspond to the Company's public guidance as to its annual financial performance and do not, and were not intended to, update or revise the Company's public guidance as to its annual financial performance.

The Forecasts were provided to the Company Board in connection with its consideration of a possible merger transaction and the Company Board's recommendation to the Company's stockholders. The Forecasts were also provided to J.P. Morgan. J.P. Morgan used only the Base Case Forecasts in performing the financial analyses described in the section entitled " *Opinion of J.P. Morgan Securities LLC*" beginning on page 44 of this proxy statement. J.P. Morgan was advised by the Company to rely on, and did rely on, only the Base Case Forecasts in its fairness opinion. There can be no assurance that the Forecasts will be realized, however, and actual results may vary materially from those shown. Important factors that may affect actual results and result in the Forecasts not being achieved include, but are not limited to, the risks described in the Company's most recent annual reports filed with the SEC on Form 10-K, and in this proxy statement under the heading "*Cautionary Statement Regarding Forward-Looking Statements*." The Forecasts cover multiple years and by their nature become subject to greater uncertainty with each successive year. Furthermore, the inclusion of Forecasts in this proxy statement should not be regarded as an indication that Company, Parent, Merger Sub or their respective affiliates or representatives considered or consider the Forecasts to be a prediction of actual future events, and the Forecasts should not be relied upon as such. The Company has made no representation to Parent, in the Merger Agreement or otherwise, concerning the Forecasts.

In connection with Parent's due diligence process, Parent and certain of its advisors were provided forecasts that were the same as the Base Case Forecasts, except as indicated in footnotes (3) and (6) to the table below.

Because the Acquisition Forecasts assumed the completion of highly uncertain acquisitions of unidentified and unknown parties by the Company, as well as other additional risks and uncertainties, the Company Board relied primarily on the Base Case Forecasts in connection with its consideration of a possible merger transaction. For similar reasons, the Company advised J.P. Morgan to rely only on the Base Case Forecasts in its fairness opinion, and did not provide the Acquisition Forecasts to Parent.

The following is a summary of the Forecasts prepared by the Company's management.

Base Case Forecasts

$ in millions, except per share data (EPS)	**FY 2015A**	**FY 2016AOP**	**FY 2017E**	**FY 2018E**	**FY 2019E**	**FY 2020E**
Revenue	$ 603	$ 628	$ 645	$ 665	$ 685	$ 705
Non-GAAP Operating Income(1)(2)	$ 76	$ 99	$ 104	$ 112	$ 113	$ 118
EBITDA(1)(3)	$ 96	$ 120	$ 126	$ 136	$ 138	$ 144
Non-GAAP Net Income(1)(4)	$ 52	$ 67	$ 72	$ 77	$ 80	$ 82
Non-GAAP EPS(1)	$ 1.31	$ 1.72	$ 2.02	$ 2.36	$ 2.69	$ 3.08
Unlevered Free Cash Flow(5)(6)	$ 29	$ 57	$ 62	$ 70	$ 71	$ 74

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Acquisition Forecasts

$ in millions, except per share data (EPS)	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E
Revenue	$ 606	$ 677	$ 748	$ 822	$ 900	$ 982
Non-GAAP Operating Income[1][2]	$ 76	$ 103	$ 121	$ 139	$ 156	$ 174
EBITDA[1][3]	$ 96	$ 118	$ 139	$ 162	$ 181	$ 201
Non-GAAP Net Income[1][4]	$ 51	$ 71	$ 84	$ 96	$ 106	$ 118
Non-GAAP EPS[1]	$ 1.28	$ 1.78	$ 2.16	$ 2.54	$ 2.89	$ 3.26

(1) To supplement the financial forecasts prepared in accordance with U.S. generally accepted accounting principles ("*GAAP*"), the Company presented forecasted non-GAAP financial measures (non-GAAP operating income, EBITDA, non-GAAP net income and non-GAAP earnings per share) that exclude stock-based compensation expense, amortization of intangible assets, losses on disposal of assets, and acquisition-related, restructuring and severance costs. The Company excludes these items because it believes that the non-GAAP measures enhance the reader's overall understanding of the Company's potential financial performance and future prospects by being more reflective of the Company's core, recurring operational activities and to be more comparable with the projected results of the Company over various periods. The Company's management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Non-GAAP financial forecasts are not prepared in accordance with GAAP; therefore, the information should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Reconciliations of these non-GAAP financial measures to their corresponding GAAP measures, for both the Base Case Forecasts and the Acquisition Forecasts, are provided below.

(2) Non-GAAP Operating Income defined as GAAP operating income, adding back amounts for stock-based compensation expense, amortization of intangible assets, loss on disposal of assets and acquisition-related, restructuring and severance costs.

(3) EBITDA defined as non-GAAP operating income plus depreciation. EBITDA for the Base Case Forecasts was not provided to Parent.

(4) Non-GAAP Net Income defined as GAAP net income, adding back amounts for stock-based compensation expense, amortization of intangible assets, loss on disposal of assets, and acquisition-related, restructuring and severance costs, adjusted for the tax impacts of such amounts.

(5) Unlevered Free Cash Flow defined as EBITDA less taxes, less capital expenditures, less stock-based compensation expense (net of tax) plus change in net working capital.

(6) Unlevered Free Cash Flow for the Base Case Forecasts was computed by J.P. Morgan, and reviewed and approved by the Company's management for J.P. Morgan's use in connection with its financial analysis and rendering its fairness opinion to the Company Board, and was not provided to Parent. Unlevered Free Cash Flow was not calculated for the Acquisition Forecasts.

Non-GAAP Reconciliations

Set forth below is a summary of reconciliations of the non-GAAP financial information to the most comparable GAAP financial measures based on financial information available to, or projected by, the Company.

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The following table presents the reconciliation of Base Case Forecasts GAAP operating income to non-GAAP operating income:

	Financial Year Ended					
(In thousands)	**2015A**	**2016AOP**	**2017E**	**2018E**	**2019E**	**2020E**
Operating income:						
Operating income GAAP	$ 47,389	$ 73,177	$ 81,354	$ 91,452	$ 93,568	$ 99,141
Amortization of intangible assets	8,523	8,377	6,736	4,571	3,980	3,594
Stock-based compensation expense	13,234	14,701	15,021	15,021	15,021	15,021
Acquisition-related, restructuring and severance costs	6,066	2,532	500	500	500	500
Loss on disposal of assets	1,088					
Non-GAAP operating income	$ 76,300	$ 98,787	$ 103,611	$ 111,544	$ 113,070	$ 118,256

The following table presents the reconciliation of Base Case Forecasts non-GAAP operating income to EBITDA:

	Financial Year Ended					
(In thousands)	**2015A**	**2016AOP**	**2017E**	**2018E**	**2019E**	**2020E**
Earnings before interest, tax, depreciation and amortization ("EBITDA"):						
Non-GAAP operating income	$ 76,300	$ 98,787	$ 103,611	$ 111,544	$ 113,070	$ 118,256
Depreciation	19,528	21,424	22,141	24,087	25,009	25,976
EBITDA	$ 95,828	$ 120,211	$ 125,752	$ 135,631	$ 138,079	$ 144,232

The following table presents the reconciliation of Base Case Forecasts GAAP net income to non-GAAP net income:

	Financial Year Ended					
(In thousands)	**2015A**	**2016AOP**	**2017E**	**2018E**	**2019E**	**2020E**
Net income:						
Net income GAAP	$ 31,121	$ 48,598	$ 55,929	$ 62,623	$ 65,730	$ 68,525
Amortization of intangible assets	8,523	8,377	6,736	4,571	3,981	3,594
Stock-based compensation expense	13,234	14,701	15,021	15,021	15,021	15,021
Acquisition-related, restructuring and severance costs	6,066	2,532	500	500	500	500
Loss on disposal of assets	1,088					
Income tax provision on non-GAAP adjustments	(7,735)	(7,298)	(6,232)	(5,626)	(5,461)	(5,353)
Non-GAAP net income	$ 52,297	$ 66,910	$ 71,954	$ 77,089	$ 79,771	$ 82,287

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The following table presents the reconciliation of Base Case Forecasts GAAP net income per diluted share to non-GAAP net income per diluted share:

	Financial Year Ended					
	2015A	2016AOP	2017E	2018E	2019E	2020E
Net income per diluted share:						
Net income per diluted share GAAP	$ 0.78	$ 1.25	$ 1.57	$ 1.92	$ 2.21	$ 2.57
Total non-GAAP adjustments	0.53	0.47	0.45	0.44	0.48	0.51
Non-GAAP net income per diluted share	$ 1.31	$ 1.72	$ 2.02	$ 2.36	$ 2.69	$ 3.08

The following table presents the reconciliation of Acquisition Forecasts GAAP operating income to non-GAAP operating income:

	Financial Year Ended					
(In thousands)	2015E	2016E	2017E	2018E	2019E	2020E
Operating income:						
Operating income GAAP	$ 47,303	$ 77,434	$ 95,197	$ 114,776	$ 130,920	$ 148,392
Amortization of intangible assets	8,404	8,434	7,718	5,994	5,747	5,638
Stock-based compensation expense	13,448	15,521	16,046	16,598	17,176	17,784
Acquisition-related, restructuring and severance costs	5,418	2,100	2,100	2,100	2,100	2,100
Loss on disposal of assets	1,088					
Non-GAAP operating income	$ 75,661	$ 103,489	$ 121,061	$ 139,468	$ 155,943	$ 173,914

The following table presents the reconciliation of Acquisition Forecasts non-GAAP operating income to EBITDA:

	Financial Year Ended					
(In thousands)	2015E	2016E	2017E	2018E	2019E	2020E
Earnings before interest, tax, depreciation and amortization ("EBITDA"):						
Non-GAAP operating income	$ 75,661	$ 103,489	$ 121,061	$ 139,468	$ 155,943	$ 173,914
Depreciation	20,016	14,891	18,398	22,978	25,161	27,202
EBITDA	$ 95,677	$ 118,380	$ 139,459	$ 162,446	$ 181,104	$ 201,116

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The following table presents the reconciliation of Acquisition Forecasts GAAP net income to non-GAAP net income:

	Financial Year Ended					
(In thousands)	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Net income:						
Net income GAAP	$ 30,259	$ 52,340	$ 64,909	$ 77,923	$ 88,396	$ 100,101
Amortization of intangible assets	8,404	8,434	7,718	5,994	5,747	5,638
Stock-based compensation expense	13,448	15,521	16,046	16,598	17,176	17,784
Acquisition-related, restructuring and severance costs	5,418	2,100	2,100	2,100	2,100	2,100
Loss on disposal of assets	1,088					
Income tax provision on non-GAAP adjustments	(7,722)	(7,556)	(7,243)	(6,914)	(7,006)	(7,146)
Non-GAAP net income	$ 50,895	$ 70,839	$ 83,530	$ 95,701	$ 106,413	$ 118,477

The following table presents the reconciliation of Acquisition Forecasts GAAP net income per diluted share to non-GAAP net income per diluted share:

	Financial Year Ended					
	2015E	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Net income per diluted share:						
Net income per diluted share GAAP	$ 0.76	$ 1.32	$ 1.68	$ 2.07	$ 2.40	$ 2.75
Total non-GAAP adjustments	0.52	0.46	0.48	0.47	0.49	0.51
Non-GAAP net income per diluted share	$ 1.28	$ 1.78	$ 2.16	$ 2.54	$ 2.89	$ 3.26

The Forecasts should be read together with the historical financial statements of the Company, which have been filed with the SEC, and the other information regarding the Company contained elsewhere in this proxy statement. The Forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Company's management, were prepared on a reasonable basis, reflect the best available estimates and judgments. However, this information is a projection and should not be relied upon as being necessarily indicative of future results. The Forecasts do not purport to present financial information in accordance with GAAP (although the Forecasts were prepared on an accounting basis consistent with the Company's financial statements). Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the Forecasts, nor have they expressed any opinion or any other form of assurance on the Forecasts or their achievability, and assume no responsibility for, and disclaim any association with, the Forecasts.

Although Newport believes that the assumptions of the Company's management used as a basis for the Forecasts were reasonable at the time the Forecasts were prepared, given the information available to the Company's management at the time, the assumptions underlying the Forecasts are inherently uncertain. The Forecasts do not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the Merger Agreement. Similarly, the Forecasts do not take into account the effect of any failure of the Merger to occur. The revenue projections and other assumptions upon which the Forecasts were based are subjective in many respects and are subject to various interpretations. The Forecasts do not give effect to the Merger. None of the Company, Parent, Merger Sub or their respective affiliates or representatives has made or makes any representation to any stockholder or to any other person regarding the ultimate performance of the

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Company compared to the information contained in the Forecasts or that forecasted results will be achieved, and except as may be required by applicable law, none of them intend to update or otherwise revise or reconcile the Forecasts to reflect circumstances existing after the date the Forecasts were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the Forecasts change or are shown to be in error.

Readers of this proxy statement are cautioned not to place undue reliance on the Forecasts.

Interests of Our Directors and Executive Officers in the Merger

In considering the recommendation of the Company Board that the stockholders vote to approve the Merger Proposal, the stockholders should be aware that our directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of the stockholders generally. The members of the Company Board were aware of the different or additional interests and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement, and in recommending to the stockholders that the Merger be approved. See the section entitled "*Recommendation of the Company Board; Our Reasons for the Merger*" beginning on page 40 of this proxy statement. The stockholders should take these interests into account in deciding whether to vote "**FOR**" the Merger Proposal. These interests are described in more detail below, and certain of them are quantified in the narrative and the table below.

Treatment of Newport Equity Awards

Restricted Stock Units. At the effective time of the Merger, each restricted stock unit (each, a "*Company RSU*") granted under any stock option or equity compensation plan, arrangement or agreement of the Company ("*Company Equity Plans*") that is outstanding immediately prior to the effective time of the Merger and as to which shares of Company Common Stock will not have been fully distributed in connection with the closing of the Merger will be assumed by Parent, and will continue to have and be subject to the same terms and conditions (including the same vesting conditions) as were in effect for such Company RSU immediately prior to the effective time of the Merger, except that such Company RSU will become an award for a number of shares of common stock, no par value, of Parent ("*Parent Common Stock*") equal to the number of shares of Company Common Stock subject to such Company RSU multiplied by a fraction (the "*Equity Award Exchange Ratio*"), the numerator of which will be the merger consideration of $23.00 per share and the denominator of which will be the average of the volume weighted average price per share of Parent Common Stock on NASDAQ Global Select Market ("*NASDAQ*") over the five consecutive trading days ending on the second complete trading day preceding the closing date for the Merger (with the result rounded down to the nearest whole share). Our directors and executive officers hold Company RSUs.

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The table below sets forth information regarding Company RSUs held by each of the Company's executive officers and directors as of March 18, 2016.

Name	Number of shares of Company Common Stock underlying Company RSUs held	Number of Company RSUs that will vest in connection with the Merger	Consideration payable in respect of Company RSUs that will vest in connection with the Merger	Awards for Parent Common Stock issued in respect of Company RSUs that will be assumed by Parent in connection with the Merger(1)(2)
Executive Officers				
Robert J. Phillippy	98,260			63,197
Charles F. Cargile	44,680			28,736
Jeffrey B. Coyne	31,390			20,188
Dennis L. Werth	27,220			17,506
David J. Allen	27,220			17,506
Non-Employee Directors				
Christopher Cox	6,280	6,280	$ 144,440	
Siddhartha C. Kadia	11,228	11,228	$ 258,244	
Oleg Khaykin	6,280	6,280	$ 144,440	
Kenneth F. Potashner	6,280	6,280	$ 144,440	
Peter J. Simone	6,280	6,280	$ 144,440	

(1) Assumes that the average of the volume weighted average price per share of Parent Common Stock on NASDAQ over the five consecutive trading days ending on the second complete trading day preceding the closing date for Merger is $35.76, which was the closing price per share of Parent Common Stock on NASDAQ on March 18, 2016.

(2) In the event that any of our executive officers experiences a Qualifying Termination (as defined in " *Severance Compensation Agreements")*, the awards for Parent Common Stock issued in respect of Company RSUs will vest automatically and settle, based on 100% satisfaction of any applicable performance goals and, at the executive's election, the surviving corporation may be required to repurchase of all such shares of Parent Common Stock received by the executive at the price determined in accordance with the applicable Severance Compensation Agreement. See the section entitled " *Severance Compensation Agreements*" beginning on page 58 of this proxy statement.

Stock Appreciation Rights. At the effective time of the Merger, each stock appreciation right granted under a Company Equity Plan (each, a "*Company SAR*"), whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will be assumed by Parent, and will continue to have and be subject to the same terms and conditions (including vesting schedule) as were in effect for such Company SAR immediately prior to the effective time of the Merger, except that such Company SAR will become an award for a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock subject to such Company SAR multiplied by the Equity Award Exchange Ratio (rounded down to the nearest whole share), with a per share base value equal to the per share base value for such Company SAR immediately prior to the effective time of the Merger, divided by the Equity Award Exchange Ratio (rounded up to the nearest whole cent). Our executive officers hold Company SARs.

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The table below sets forth information regarding Company SARs held by each of the Company's executive officers as of March 18, 2016. None of the Company's non-employee directors holds any Company SARs.

Name	Number of shares of Company Common Stock underlying Company SARs held	Weighted average per share base value of Company SARs held	Awards for Parent Common Stock issued in respect of Company SARs(1)(2)	Weighted average per share base value of awards for Parent Common Stock issued in respect of Company SARs
Executive Officers				
Robert J. Phillippy	221,880	$ 16.46	142,705	$ 25.60
Charles F. Cargile	104,595	16.40	67,271	25.51
Jeffrey B. Coyne	79,815	16.24	51,332	25.26
Dennis L. Werth	69,210	16.24	44,512	25.26
David J. Allen	69,210	16.24	44,512	25.26

(1) Assumes that the average of the volume weighted average price per share of Parent Common Stock on NASDAQ over the five consecutive trading days ending on the second complete trading day preceding the closing date for Merger is $35.76, which was the closing price per share of Parent Common Stock on NASDAQ on March 18, 2016.

(2) In the event that any of our executive officers experiences a Qualifying Termination, the awards for Parent Common Stock issued in respect of Company SARs will vest automatically and settle, based on 100% satisfaction of any applicable performance goals and, at the executive's election, the surviving corporation may be required to repurchase of all such shares of Parent Common Stock received by the executive at the price determined in accordance with the applicable Severance Compensation Agreement. See the section entitled " *Severance Compensation Agreements*" beginning on page 58 of this proxy statement.

Notwithstanding the above, the Merger Agreement provides that the treatment described above may be changed by agreement of the Company and Parent with respect to Company RSUs and Company SARs held by non-U.S. employees and/or non-employee directors of the Company. As permitted by the Merger Agreement, the Company intends to cause all Company RSUs held by non-employee directors of the Company to accelerate and vest in full and be settled immediately prior to the effective time of the Merger.

Severance Compensation Agreements

We have entered into a severance compensation agreement with each of our named executive officers (collectively, the "*Severance Compensation Agreements*"). In the context of the Merger, the Severance Compensation Agreements provide for certain payments and benefits, subject to the executive's execution and non-revocation of a release of claims against the Company, in the event that, within the period commencing on the effective time of the Merger and ending two years following the effective time of the Merger, such officer's employment is terminated by us or Parent without "cause" (as defined in the applicable Severance Compensation Agreement) or by the officer for "good reason" (as defined in the applicable Severance Compensation Agreement) (in either case, a "*Qualifying Termination*").

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In such event, under each of the Severance Compensation Agreements, the executive officer will be entitled to:

- a lump sum payment equal to twelve months of such officer's highest base salary during the 12-month period preceding termination (with the exception of Mr. Phillippy, who will be entitled to a payment equal to 24 months of salary);
- a lump sum payment equal to such officer's annual incentive compensation bonus payable under our cash incentive plan or other bonus plans then in effect, calculated based on 100% satisfaction of all performance goals (with the exception of Mr. Phillippy, who will be entitled to receive two times such bonus payment);
- continuation of benefits under our medical, dental and vision plans, and long-term disability insurance for 24 months following termination (provided that this continuation of benefits will terminate at such time such officer becomes eligible for similar benefits from any subsequent employer);
- automatic vesting and settlement of all unvested restricted stock and Company RSUs held by such officer, based on 100% satisfaction of any applicable performance goals and, at the executive's election, our repurchase of all such shares of Company Common Stock received by the executive at the fair market price (calculated as set forth in the applicable Severance Compensation Agreement);
- automatic vesting and settlement of all unvested Company SARs held by such officer, based on 100% satisfaction of any applicable performance goals and, at the executive's election, our repurchase of all such shares of Company Common Stock received by the executive at the price determined in accordance with the applicable Severance Compensation Agreement; and
- payment of an amount sufficient to offset any excess "parachute payment" excise tax payable by such officer pursuant to the provisions of the Internal Revenue Code, and/or any comparable provision of state or foreign law.

The agreements with our named executive officers that include the right to a payment to offset any excess "parachute payment" excise tax were entered into in or prior to 2008.

For an estimate of the value of the payments and benefits described above under each of the Severance Compensation Agreements that would be payable to our executive officers, see the section entitled " *Quantification of Payments and Benefits to Our Named Executive Officers*" beginning on page 60 of this proxy statement.

Indemnification of Directors and Officers

We have entered into indemnification agreements with each of our executive officers and directors, and certain other officers, which provide contractual protection of certain rights of indemnification by us. The indemnification agreements provide for indemnification of our officers and directors to the fullest extent permitted by our articles of incorporation, bylaws and applicable law. Under the agreements, we are obligated to indemnify our officers and directors against all fees, expenses, liabilities and losses (including attorneys' fees, judgments, fines, and amounts paid in any settlement we approve) actually and reasonably incurred in connection with any investigation, claim, action, suit or proceeding to which any such officer or director is a party by reason of any action or inaction in his or her capacity as our officer or director or by reason of the fact that the officer or director is or was serving as our director, officer, employee, agent or fiduciary, or of any of our subsidiaries or divisions, or is or was serving at our request as our representative with respect to another entity, subject to limitations imposed by applicable law. We will not indemnify such officer or director, however, for

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expenses and the payment of profits arising from the purchase and sale by the officer or director of securities in violation of Section 16(b) of the Exchange Act.

Parent and the Company have agreed that all rights to indemnification and exculpation from liabilities for actions or omissions occurring at or prior to the effective time of the Merger, and rights to advancement of expenses relating thereto, existing as of the date of the Merger Agreement in favor of any present (as of the effective time of the Merger) or former officer, director or employee of the Company and its subsidiaries as provided in the organizational documents of the Company and its subsidiaries or in any indemnification agreement shall continue in full force and effect and shall not be amended or otherwise modified in any manner that would adversely affect the indemnified party.

Quantification of Payments and Benefits to Our Named Executive Officers

In accordance with Item 402(t) of Regulation S-K, the table below sets forth the amount of payments and benefits that each of our named executive officers may receive in connection with the Merger, subject to the executive's execution and non-revocation of a release of claims against the Company, assuming that the Merger was consummated and such executive officer experienced a Qualifying Termination on March 18, 2016. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed above, the actual amounts, if any, to be received by a named executive officer may materially differ from the amounts set forth below.

Golden Parachute Compensation

Name	Cash(1)	Equity(2)	Perquisites/ Benefits(3)	Tax Reimbursement(4)	Total(5)
Robert J. Phillippy	$ 2,349,198	$ 2,765,062	$ 64,418	$	$ 5,178,678
Charles F. Cargile	702,000	1,258,651	58,721		2,019,372
Jeffrey B. Coyne	516,800	887,869	57,096		1,461,765
Dennis L. Werth	515,200	769,906	53,535		1,338,641
David J. Allen	498,400	769,906	54,941		1,323,247

(1) Represents total cash payments consisting of: (i) an amount equal to twenty-four months of base salary for Mr. Phillippy, and twelve months of base salary for all other named executive officers, which would have been payable in a lump sum following the date of termination; and (ii) an amount equal to the target incentive that each named executive officer would have been entitled to receive for the full year of 2016 (two times such target incentive amount in the case of Mr. Phillippy) based on achievement of 100% of the applicable performance goals, which would have been payable in a lump sum following the date of termination, as follows:

Name	Base Salary	Incentive
Robert J. Phillippy	$ 1,092,650	$ 1,256,548
Charles F. Cargile	390,000	312,000
Jeffrey B. Coyne	323,000	193,800
Dennis L. Werth	322,000	193,200
David J. Allen	311,500	186,900

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(2) Represents the aggregate dollar value of all Company RSUs and Company SARs held by each named executive officer as of March 18, 2016 for which vesting would have been accelerated, as follows:

Name	Company RSUs	Company SARs
Robert J. Phillippy	$ 2,259,980	$ 505,082
Charles F. Cargile	1,027,640	231,011
Jeffrey B. Coyne	721,970	165,899
Dennis L. Werth	626,060	143,846
David J. Allen	626,060	143,846

The values of the Company RSUs have been calculated utilizing a price equal to the merger consideration of $23.00 per share. The values of the Company SARs have been calculated utilizing a dollar amount equal to the difference between the base value of each such Company SAR and the merger consideration of $23.00 per share. All Company RSUs would have become immediately vested assuming achievement of 100% of any applicable performance goals and would have been settled by delivery of shares of Company Common Stock, subject to payment by the executive of applicable withholding taxes. All Company SARs would have become immediately vested and would have been automatically settled by delivery of shares of Company Common Stock having a value equal to the difference between the base value of each such Company SAR and $23.00 per share, subject to payment by the executive of applicable withholding taxes. At each executive's election, we would have repurchased all such shares received by the executive at a price of $23.00 per share.

(3) Represents an estimate of the total cost of Company-paid premiums for continuation of medical, dental, vision and long-term disability benefits for a period of 24 months following the date of termination, calculated based upon the premiums for such benefits in effect as of March 18, 2016. The actual cost of health benefits may vary during the benefits continuation period depending upon the overall premium rates that we would be required to pay under our health benefit programs. Such health benefits would cease at such time as the executive becomes eligible for similar benefits from any subsequent employer.

(4) Each named executive officer would be entitled to receive an additional amount sufficient to offset any excess "parachute payment" excise tax payable by the executive pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and/or any comparable provision of state or foreign law. However, based upon the amounts of compensation that each named executive officer may receive in connection with the Merger, we do not believe that any such tax would be payable by any executive.

(5) As discussed in more detail in the section entitled "*Severance Compensation Agreements*" beginning on page 58 of this proxy statement, all of the amounts reflected in the table above are "double-trigger" benefits that would be payable to a named executive officer only if such executive is terminated without cause or resigns for good reason within two years following the Merger.

Delisting and Deregistration of Company Common Stock

If the Merger is completed, the Company Common Stock will no longer be listed on NASDAQ, we will be deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC.

Material U.S. Federal Income Tax Consequences

The following discussion summarizes the material U.S. federal income tax consequences of the Merger to holders of Company Common Stock. This discussion is based upon the provisions of the

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Internal Revenue Code of 1986, as amended (the "*Code*"), the U.S. Treasury Regulations promulgated thereunder and judicial and administrative rulings, all as in effect as of the date of this proxy statement and all of which are subject to change or varying interpretation, possibly with retroactive effect. Any such changes could affect the accuracy of the statements and conclusions set forth herein. No ruling has been requested from the Internal Revenue Service (the "*IRS*") in connection with the Merger. Accordingly, the discussion below neither binds the IRS nor precludes it from adopting a contrary position. No opinion of counsel has been or will be rendered with respect to the tax consequences of the Merger.

This discussion assumes that holders of Company Common Stock hold their shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a holder of Company Common Stock in light of such holder's particular circumstances, nor does it discuss the special considerations applicable to holders of Company Common Stock subject to special treatment under the U.S. federal income tax laws, such as, for example, financial institutions or broker-dealers, mutual funds, partnerships or other pass-through entities and their partners or members, tax-exempt organizations, insurance companies, real estate investment trusts, personal holding companies, regulated investment companies, dealers in securities or foreign currencies, traders in securities who elect mark-to-market method of accounting, controlled foreign corporations, passive foreign investment companies, U.S. expatriates, holders who hold Company Common Stock as part of a hedge, straddle, constructive sale or conversion transaction, holders whose functional currency is not the U.S. dollar, and holders that validly exercise their rights under Nevada law to dissent from the Merger, if applicable. This discussion does not address the impact of the Medicare contribution tax or any aspect of foreign, state, local, alternative minimum, estate, gift or other tax law that may be applicable to a holder. In addition, this discussion does not address the U.S. federal income tax consequences to dissenting stockholders or holders of Company Common Stock who acquired their shares through stock option, stock appreciation or stock purchase plan programs or in other compensatory arrangements.

We intend this discussion to provide only a general summary of the material U.S. federal income tax consequences of the Merger to holders of Company Common Stock. We do not intend it to be a complete analysis or description of all potential U.S. federal income tax consequences of the Merger.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Company Common Stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, entities or arrangements treated as partnerships that hold Company Common Stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences of the Merger to them.

All stockholders should consult their own tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or foreign income and other tax laws) of the receipt of cash in exchange for shares of Company Common Stock pursuant to the Merger.

For purposes of this discussion, the term "*U.S. holder*" means a beneficial owner of Company Common Stock that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or

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a trust if (i) it is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

A "*non-U.S. holder*" is a beneficial owner (other than a partnership or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) of Company Common Stock that is not a U.S. holder.

U.S. Holders

The Merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. holder generally will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received pursuant to the Merger (determined before the deduction of any applicable withholding taxes) and such U.S. holder's adjusted tax basis in the shares cancelled and converted into cash pursuant to the Merger. A U.S. holder's adjusted tax basis will generally equal the price the U.S. holder paid for such shares. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the holder's holding period for such shares exceeds one year as of the date of the effective time of the Merger. Long-term capital gains recognized by certain non-corporate U.S. Holders, including individuals, generally will be taxable at a reduced rate. The deductibility of capital losses is subject to limitations. If a U.S. holder acquired different blocks of Company Common Stock at different times or different prices, such U.S. holder must determine such holder's tax basis, holding period, and gain or loss separately with respect to each block of Company Common Stock.

Non-U.S. Holders

Any gain realized on the receipt of cash in exchange for Company Common Stock pursuant to the Merger by a non-U.S. holder generally will not be subject to U.S. federal income tax unless:

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);

the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the Merger and certain other requirements are met; or

the non-U.S. holder owned (directly, indirectly or constructively) more than 5% of the Company's outstanding shares of Company Common Stock at any time during the five years preceding the Merger, and the Company is or has been a "United States real property holding corporation" for U.S. federal income tax purposes at any time during such non-U.S. holder's ownership of more than 5% of the Company's outstanding shares of Company Common Stock. The Company does not believe that it is or was a "United States real property holding corporation" for U.S. federal income tax purposes.

Gain in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States), provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

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Backup Withholding and Information Reporting

A U.S. holder may be subject to backup withholding with respect to cash payable on the exchange of Company Common Stock in the Merger, and may be subject to various penalties, unless the U.S. holder provides its correct taxpayer identification number and complies with applicable certification procedures or otherwise establishes an exemption from backup withholding. Each U.S. holder who is a registered stockholder should properly complete and sign the IRS Form W-9 included as part of the letter of transmittal and timely return it to the paying agent in order to avoid backup withholding. Each U.S. holder who holds shares in "street name" should ensure that a completed and signed IRS Form W-9 has been submitted to the holder's broker, bank or other nominee.

Non-U.S. holders may also be subject to backup withholding with respect to cash payable on the exchange of Company Common Stock in the Merger unless they establish an exemption from backup withholding. Each non-U.S. holder who is a registered stockholder should properly complete and sign an appropriate IRS Form W-8 and timely return it to the paying agent. Each non-U.S. holder who holds shares in "street name" should ensure that a completed and signed IRS Form W-8 has been submitted to the holder's broker, bank or other nominee.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowable as a refund or credit against a holder's U.S. federal income tax liability, provided that certain required information is timely furnished to the IRS.

Payments made pursuant to the Merger will also be subject to information reporting unless an exemption applies.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX CONSEQUENCES RELEVANT TO COMPANY STOCKHOLDERS. THE TAX CONSEQUENCES OF THE MERGER MAY VARY DEPENDING UPON THE PARTICULAR CIRCUMSTANCES OF EACH STOCKHOLDER. YOU SHOULD CONSULT YOUR TAX ADVISOR CONCERNING THE FEDERAL, STATE, LOCAL, FOREIGN AND/OR OTHER TAX CONSEQUENCES OF THE MERGER TO YOU.

Regulatory Matters

The closing of the Merger is subject to expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "*HSR Act*") and the rules thereunder. Under the HSR Act and the rules thereunder, the Merger may not be completed unless certain information has been furnished by Parent and the Company to the Antitrust Division of the U.S. Department of Justice (the "*DOJ*") and to the U.S. Federal Trade Commission (the "*FTC*") and applicable waiting periods expire or are terminated. The HSR Act requires the parties to observe a 30 calendar day waiting period (which is extended to the next business day if the 30th day falls on a Saturday, Sunday or Federal legal public holiday), which we refer to as the initial waiting period, during which time the Merger may not be consummated, unless that initial waiting period is terminated early. If, before the expiration of the initial waiting period, the DOJ or the FTC issues a request for additional information, the parties may not consummate the transaction until 30 days after Parent and the Company have each substantially complied with such request for additional information (unless this period is shortened pursuant to a grant of earlier termination or extended by agreement between the parties and the FTC or DOJ). Parent and Newport filed their respective notification and report forms pursuant to the HSR Act with the DOJ and the FTC on February 29, 2016, and each requested early termination of the waiting period. Early termination of the waiting period under the HSR Act was granted on March 14, 2016.

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At any time before the effective time of the Merger, the FTC, the Antitrust Division of the U.S. Department of Justice, state attorneys general, or private parties can file suit under the antitrust laws seeking to enjoin consummation of the Merger. There can be no assurance that the Merger will not be challenged on antitrust grounds or, if such a challenge is made, that the challenge will not be successful.

Other Jurisdictions

Additionally, under the Merger Agreement, the Merger cannot be completed, subject to certain exceptions specified in the disclosure letter delivered by the Company to Parent in connection with the Merger Agreement, until affirmative approval or clearance required under the antitrust laws of Germany and Israel have been obtained or are deemed to have been obtained. Parent submitted notice of the proposed merger to the Bundeskartellamt (Federal Cartel Office) of the Federal Republic of Germany on March 8, 2016 and Parent and Newport submitted notices of the proposed merger to the Israeli Antitrust Authority on March 22, 2016.

There can be no assurance that Parent or the Company will be able to obtain all required regulatory clearances and approvals. In addition, even if the Company and Parent obtain all required regulatory clearances and approvals, and the Merger Proposal is approved by our stockholders, conditions may be placed on any such clearance or approval that could cause Parent to abandon the Merger.

Financing of the Merger

Consummation of the Merger is not subject to Parent's ability to obtain financing. However, Parent expects to obtain financing for a portion of the consideration for the Merger. In connection with the Merger Agreement, Parent entered into a debt commitment letter (the "*Commitment Letter*") dated as of February 22, 2016, with Barclays Bank PLC ("*Barclays*"), Deutsche Bank Securities Inc. ("*DBSI*") and Deutsche Bank AG New York Branch (together with DBSI and Barclays, the "*Commitment Parties*"), pursuant to which, among other things, the Commitment Parties have committed to provide Parent with debt financing in the aggregate principal amount of up to $800,000,000 to finance, in part, the acquisition of the Company. In addition, the Commitment Parties have committed under the Commitment Letter to provide Parent with a $50,000,000 asset-based revolving credit facility for working capital purposes, as needed. The Debt Financing (for purposes of this section, as defined in *"The Merger Agreement Financing Matters"*) would be secured by a security interest in substantially all of Parent's, the Company's and their respective domestic subsidiaries' tangible and intangible assets, including certain real property.

While consummation of the Merger is not subject to Parent's ability to obtain financing, the Commitment Parties' obligations under the Commitment Letter are subject to certain conditions, including consummation of the Merger in accordance with the Merger Agreement; the negotiation and execution of definitive documentation consistent with the Commitment Letter; delivery of certain pro forma and other financial information; subject to certain limitations, the absence of a material adverse effect on the Company; the accuracy of specified representations and warranties of the Company in the Merger Agreement and specified representations and warranties of Parent to be set forth in the definitive loan documents; the repayment of certain outstanding debt of the Company; and other customary closing conditions.

The definitive documentation governing the Debt Financing has not been finalized and, accordingly, the actual terms of the Debt Financing may differ from those described in this proxy statement. Although the Debt Financing is not subject to due diligence or a "market out," and such financing may not be considered assured. Although consummation of the Merger is not subject to Parent's ability to obtain financing, the obligation of the Commitment Parties to provide the Debt

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Financing under the Commitment Letter is subject to a number of conditions. There is a risk that these conditions will not be satisfied and the Debt Financing may not be available when required.

Legal Proceedings Relating to the Merger

On March 9, 2016, a putative class action complaint captioned *Dixon Chung v. Newport Corp., et al.*, Case No. A-16-733154-C, was filed in the District Court, Clark County, Nevada on behalf of a putative class of the Company's stockholders. The complaint names as defendants the Company, Parent, Merger Sub and certain current and former members of the Company Board. The complaint alleges that the named directors breached their fiduciary duties to the Company's stockholders by agreeing to sell the Company through an inadequate and unfair process, which led to inadequate and unfair consideration, and by agreeing to unfair deal-protection devices. The complaint also alleges that the Company, Parent and Merger Sub aided and abetted the named directors' alleged breaches of their fiduciary duties. The complaint seeks injunctive relief, including to enjoin or rescind the Merger, monetary damages, and an award of attorneys' and other fees and costs, among other relief.

We believe that the claims asserted in the complaint have no merit and we, Parent, Merger Sub and the named directors intend to defend vigorously against these claims.

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THE MERGER AGREEMENT

The following is a summary of the material terms and conditions of the Merger Agreement. The description in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as Annex A and is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. We encourage you to read the Merger Agreement carefully and in its entirety because it is the legal document that governs the Merger.

Explanatory Note Regarding the Merger Agreement

The Merger Agreement and this summary of its terms have been included to provide you with information regarding the terms of the Merger Agreement. Factual disclosures about the Company contained in this proxy statement or in the Company's public reports filed with the SEC may supplement, update or modify the factual disclosures about the Company contained in the Merger Agreement and described in this summary. The representations, warranties and covenants made in the Merger Agreement by the Company, Parent and Merger Sub are qualified and subject to important limitations agreed to by the Company, Parent and Merger Sub in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right not to close the Merger if the representations and warranties of the other party prove to be untrue, due to a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC, and in some cases are qualified by disclosures that were made by each party to the other, which disclosures are not reflected in the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement, may have changed since the date of the Merger Agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this proxy statement. Stockholders are not third-party beneficiaries under the Merger Agreement and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of the Company, Parent or Merger Sub. In addition, you should not rely on the covenants in the Merger Agreement as actual limitations on the respective businesses of the Company, Parent or Merger Sub, because the parties may take certain actions that are consented to by the appropriate party, which consent may be given without prior notice to the public.

Structure and Effective Time

The Merger Agreement provides that, subject to the terms and conditions of the Merger Agreement, Merger Sub, a Nevada corporation, and a wholly owned subsidiary of Parent, will merge with and into the Company. As a result, the separate corporate existence of Merger Sub will cease and the Company will survive the Merger and continue to exist after the Merger as a wholly owned subsidiary of Parent.

The closing of the Merger will take place no later than 10:00 a.m., Pacific time, on the second business day after satisfaction or (to the extent permitted by applicable law) waiver of all conditions (other than the conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or, to the extent permitted by applicable law, waiver of those conditions) described under "*Conditions to Completion of Merger*" beginning on page 85 of this proxy statement, except that if the marketing period (described below) has not ended at the time of satisfaction of such conditions

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(excluding the conditions that may only by their nature be satisfied at closing) Parent will not be obligated to close the Merger until the earliest to occur of (i) the second business day immediately following the final day of the marketing period, (ii) an earlier date specified by Parent before or during the marketing period and (iii) August 22, 2016. The term "marketing period" is defined in the Merger Agreement to mean the first period of 15 consecutive business days, subject to certain excluded dates, throughout which (i) Parent has received (and its financing sources have had access to) all financial information of the Company that meets specified requirements as more fully described in the Merger Agreement, (ii) all of the conditions to the closing of the merger have been satisfied or waived (other than those conditions that by their terms can only be satisfied at the closing), and (iii) nothing shall have occurred and no condition shall exist that would cause any of the conditions to closing to fail to be satisfied if closing were scheduled for any time during such period.

The Merger will become effective at the time when the articles of merger are filed with the Secretary of State of the State of Nevada, as provided by the NRS, or at such other date and time as may be agreed by the parties and specified in the articles of merger.

Directors and Officers

The Merger Agreement provides that the directors and officers of Merger Sub immediately prior to the effective time of the Merger will be the directors and officers of the surviving corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified.

Merger Consideration

The Merger Agreement provides that each share of Company Common Stock outstanding immediately prior to the effective time of the Merger (other than shares held in the treasury of the Company, or shares owned, directly or indirectly, by Parent, Merger Sub or any wholly owned subsidiary of the Company, Parent or Merger Sub immediately prior to the effective time of the Merger (collectively, the "*Excluded Shares*")) will be cancelled and converted into the right to receive $23.00 in cash per share, without interest and subject to deduction for any required withholding tax.

Excluded Shares will be cancelled and will cease to exist, with no payment being made with respect thereto.

Treatment of Newport Equity Awards

Restricted Stock Units. At the effective time of the Merger, each Company RSU granted under any Company Equity Plan that is outstanding immediately prior to the effective time of the Merger and as to which shares of Company Common Stock will not have been fully distributed in connection with the closing of the Merger shall be assumed by Parent on the terms and subject to the conditions set forth in the Merger Agreement.

Each such Company RSU so assumed by Parent shall continue to have, and be subject to, the same terms and conditions (including the same vesting conditions) as were in effect immediately prior to the effective time of the Merger, except that (i) such Company RSU shall be an award for Parent Common Stock, and (ii) the number of shares of Parent Common Stock subject to each such assumed award shall be determined by multiplying the number of shares of Company Common Stock underlying such Company RSU by the Equity Award Exchange Ratio (with the result rounded down to the nearest whole share).

Stock Appreciation Rights. At the effective time of the Merger, each Company SAR granted under a Company Equity Plan, whether vested or unvested, that is outstanding immediately prior to the

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effective time of the Merger shall be assumed by Parent on the terms and subject to the conditions set forth in the Merger Agreement.

Each such Company SAR so assumed by Parent shall continue to have, and be subject to, the same terms and conditions (including vesting schedule) as were in effect immediately prior to the effective time of the Merger, except that: (i) such Company SAR shall be an award for Parent Common Stock; (ii) the number of shares of Parent Common Stock subject to each such appreciation right shall be determined by multiplying the number of shares of Company Common Stock subject to such Company SAR immediately prior to the effective time of the Merger by the Equity Award Exchange Ratio (rounded down to the nearest whole share); and (iii) the base value per share of Parent Common Stock (rounded up to the nearest whole cent) shall equal (x) the per share base value for the shares of Company Common Stock otherwise receivable pursuant to such Company SAR immediately prior to the effective time of the Merger divided by (y) the Equity Award Exchange Ratio (rounded down to the nearest whole share).

Notwithstanding the above, the Merger Agreement provides that the treatment described above may be changed by agreement of the Company and Parent with respect to Company RSUs and Company SARs held by non-U.S. employees and/or non-employee directors of the Company. As permitted by the Merger Agreement, the Company intends to cause all Company RSUs held by non-employee directors of the Company to accelerate and vest in full and be settled immediately prior to the effective time of the Merger.

Treatment of Newport's Employee Stock Purchase Plan

New offerings under the Company's employee stock purchase plan (the "*Company ESPP*") have been frozen such that no offering or purchase period will begin on or after the date of the Merger Agreement. The Company ESPP will terminate no later than the business day immediately preceding the closing date for the Merger in accordance with its terms in such manner as results in no participant in the Company ESPP having any right at or after the effective time of the Merger to (A) purchase shares of Company Common Stock or any other security of the Company, Parent, the Surviving Corporation or any other person under the Company ESPP or (B) receive any cash payment or other consideration for his or her terminated rights under the Company ESPP (other than a refund of amounts withheld by the Company on behalf of such participant that have not been used to purchase shares of Company Common Stock prior to the termination of the Company ESPP, without interest, pursuant to the terms of the Company ESPP upon the termination of the Company ESPP).

Surrender of Share Certificates or Book-Entry Shares; Payment of Merger Consideration; Lost Certificates

At or prior to the effective time of the Merger, Parent will deposit cash with the paying agent for the Merger, in an amount sufficient to make all payments necessary for the payment of the merger consideration.

Promptly after the effective time of the Merger (and in any event, not later than the fifth business day following the effective time of the Merger), the paying agent will mail to each holder of record of an outstanding certificate or outstanding certificates representing Company Common Stock, and to each holder of uncertificated shares of Company Common Stock represented by book entry, immediately prior to the effective time of the Merger a letter of transmittal and instructions for surrendering such certificates or shares of Company Common Stock represented by book entry in exchange for payment of the merger consideration. Each holder of a certificate or certificates representing Company Common Stock, and each holder of uncertificated shares of Company Common Stock represented by book entry, immediately prior to the effective time of the Merger will, upon surrender thereof (for book-entry shares, in accordance with paying agent's customary procedures with

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respect to securities represented by book entry) to the paying agent, together with a properly completed letter of transmittal, be entitled to receive the merger consideration of $23.00 per share in cash, subject to deduction for any required withholding tax, for each share of Company Common Stock so surrendered. The certificates and book entry shares so surrendered will be cancelled.

No interest will be paid or accrue on the merger consideration payable for the benefit of the holders of certificated or book-entry shares. The merger consideration will be subject to deduction for any required withholding tax.

If any certificate representing Company Common Stock has been lost, stolen or destroyed, the paying agent will pay the merger consideration (less any applicable withholding taxes) with respect to each share of Company Common Stock formerly represented by such certificate upon the making of an affidavit (in form and substance reasonably acceptable to Parent) of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if required by Parent or the paying agent, the posting by such person of a bond in such reasonable amount as Parent may direct as indemnity against any claim that may be made against Parent or the surviving corporation with respect to the shares of Company Common Stock formerly represented by such certificate.

Representations and Warranties

The Merger Agreement contains representations and warranties that the Company, on the one hand, and Parent and Merger Sub, on the other hand, have made to one another as of specific dates.

The Company has made a number of representations and warranties to Parent and Merger Sub in the Merger Agreement regarding aspects of our business and other matters pertinent to the Merger. The topics covered by these representations and warranties include the following:

- the Company and the Company's subsidiaries' organization, valid existence, good standing, corporate power, qualification to do business and similar corporate matters, including the Company's compliance with its governing documents;

- the Company's capital structure, including certain shares of Company Common Stock reserved for issuance in connection with or otherwise subject to Company RSUs, Company SARs and the Company ESPP, the ownership of the equity securities of the Company's subsidiaries, the absence of any encumbrances on such equity securities, and the absence of dissenters' rights;

- the Company's corporate power and authority to enter into and perform its obligations under the Merger Agreement, the authorization of the Merger Agreement by the Company Board and the recommendation by the Company Board of the transactions contemplated by the Merger Agreement to the stockholders of the Company, the due execution and delivery of the Merger Agreement, the enforceability of the Merger Agreement against the Company, and the Company stockholder approval required to consummate the Merger;

- the absence of violations of or conflicts with the Company's governing documents or any order or law applicable to the Company, breaches of or defaults under contracts, or the creation of liens on any of the Company's property, in each case resulting from the entry into the Merger Agreement by the Company and the consummation of the Merger;

- the consents, approvals, authorizations, permits, filings and notices required to be made with or received from governmental entities to enter into the Merger Agreement and consummate the Merger;

- the Company's filings with the SEC and compliance with federal securities laws, rules and regulations;

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the preparation of the Company's financial statements in accordance with GAAP, and the fair presentation of the Company's financial position by those financial statements;

the maintenance by the Company of disclosure controls and procedures, internal control over financial reporting and accurate books and records;

the absence of complaints or allegations regarding the Company's accounting or auditing practices, or reports of violations of the securities law by the Company or breaches of fiduciary duties by any officer or director of the Company;

the absence of certain undisclosed liabilities;

the accuracy of the information contained in this proxy statement and this proxy statement's compliance with applicable rules and regulations;

the ordinary course operation of the businesses of the Company and its subsidiaries since January 3, 2015, and the absence of any events that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect on the Company since January 3, 2015;

the absence of suits, claims, actions, proceedings, arbitrations, mediations or investigations pending or, to the Company's knowledge, threatened against the Company or any of its subsidiaries, and the absence of any orders and judgments against the Company or any of its subsidiaries;

the compliance by the Company and its subsidiaries with applicable laws, the absence of any notice alleging a violation of law by the Company or any of its subsidiaries, and the absence of any investigations of the Company or any of its subsidiaries by any governmental entity;

the Company's and its subsidiaries' possession of permits and authorizations necessary to conduct their current businesses, the compliance of the Company and its subsidiaries with such permits and authorizations, and the effectiveness of such permits and authorizations;

the Company's benefit plans and their compliance with applicable law, the absence of any investigations or proceedings relating to the Company's benefit plans, and the effect of the Merger on the Company's benefit plans;

the agreements between the Company and any labor unions, works councils or similar organizations, and the compliance by the Company and its subsidiaries with applicable laws relating to employment and employment practices, terms and conditions of employment, wages and hours, workers' compensation, family and medical leave, immigration and occupational safety and health requirements;

the employees of the Company and its subsidiaries, the terms of their employment, and their visa and/or work authorization status;

the compliance of the Company and its subsidiaries with environmental laws and related environmental matters;

the compliance of the Company and its subsidiaries with tax laws and related tax matters;

the material contracts of the Company and its subsidiaries, the validity of, and compliance with, such material contracts, and certain other matters with respect thereto;

insurance matters;

the owned real property, leased real property and personal property of the Company and its subsidiaries;

- the intellectual property of the Company and its subsidiaries and the absence of certain infringement on the intellectual property of third parties;
- the inapplicability of state antitakeover laws to the Merger Agreement and the consummation of the Merger;
- the absence of any stockholder rights plan, "poison pill" antitakeover plan or similar arrangement;
- the absence of certain agreements or transactions between the Company or any of its subsidiaries and any of the executive officers or directors of the Company;
- the Company's compliance with anti-corruption laws;
- the Company's top 10 customers, top 10 suppliers and sole-source suppliers, and the absence of any changes in the business relationships between the Company and such customers and suppliers;
- the absence of any undisclosed broker's or finder's fees in connection with the Merger;
- the government contracts to which the Company or any of its subsidiaries is a party, the compliance of the Company and its subsidiaries with such government contracts, and certain other matters with respect to such government contracts;
- the receipt by the Company of the opinion of J.P. Morgan regarding the fairness, from a financial point of view, of the consideration to be received by the holders of Company Common Stock in the Merger; and
- the absence of any discussions or negotiations with any other party with respect to any Acquisition Proposal (as defined in " *No-Shop; Acquisition Proposals; Change in Recommendation*").

Some of the Company's representations and warranties are qualified by a material adverse effect standard. Subject to certain exclusions, a "material adverse effect" means any event, change, occurrence or effect that has a material adverse effect on (i) the business, assets, liabilities, capitalization, financial condition or results of operations of the Company and its subsidiaries, taken as a whole or (ii) the ability of the Company to perform its obligations under the Merger Agreement or consummate the Merger or any of the other transactions contemplated thereby, other than, in the case of clause (i), any change, effect, event or occurrence arising after the date of the Merger Agreement to the extent resulting from:

- changes in general economic, financial market, business or geopolitical conditions, to the extent that the Company and its subsidiaries are not disproportionately affected thereby;
- general changes or developments in any of the industries in which the Company or its subsidiaries operate, to the extent that the Company and its subsidiaries are not disproportionately affected thereby;
- natural disasters or calamities, to the extent that the Company and its subsidiaries are not disproportionately affected thereby;
- changes in any applicable laws or applicable accounting regulations or principles or interpretations thereof, to the extent that the Company and its subsidiaries are not disproportionately affected thereby;

any change in the price or trading volume of the Company's stock, in and of itself;

any failure by the Company to meet any published analyst estimates or expectations of the Company's revenue, earnings or other financial performance or results of operations for any

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period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself;

any outbreak or escalation of armed hostilities, any acts of war or terrorism, to the extent that the Company and its subsidiaries are not disproportionately affected thereby;

the announcement or pendency of the Merger Agreement and the transactions contemplated thereby, including any resulting loss or departure of officers or other employees of the Company or any of its subsidiaries, or any resulting termination of, reduction in or similar negative impact on the Company's or any of its subsidiaries' relationships, contractual or otherwise, with any customers, suppliers, distributors or business partners;

any litigation brought by or on behalf of any current or former Company stockholder (in its capacity as such) arising from allegations of any breach of fiduciary duty relating to the Merger Agreement or the Merger or violation of securities law related to this proxy statement or any other document required to be filed by the Company with the SEC or required to be distributed or otherwise disseminated to the Company's stockholders in connection with the Merger;

any action taken by the Company, or which the Company causes to be taken by any of its subsidiaries, in each case which is expressly required by the Merger Agreement, other than in the ordinary course of operation of the business of the Company and its subsidiaries; or

any actions taken (or omitted to be taken) by the Company or any of its subsidiaries with the prior written consent or at the express written request of Parent.

Parent and Merger Sub have also made a number of representations and warranties to the Company regarding various matters pertinent to the Merger. The topics covered by these representations and warranties include the following:

Parent's and Merger Sub's organization, valid existence, good standing, corporate power, qualification to do business and similar corporate matters;

Parent and Merger Sub's corporate power and authority to enter into and perform its obligations under the Merger Agreement, the authorization of the Merger Agreement by the boards of directors of Parent and Merger Sub, the due execution and delivery of the Merger Agreement, and the enforceability of the Merger Agreement against Parent and Merger Sub;

the absence of violations of or conflicts with the governing documents of Parent or Merger Sub or any order or law applicable to Parent or Merger Sub, or breaches of or defaults under contracts, in each case resulting from the entry into the Merger Agreement by Parent and Merger Sub and the consummation of the Merger;

the consents, approvals, authorizations, permits, filings and notices required to be made with or received from governmental entities to enter into the Merger Agreement and consummate the Merger;

the accuracy of information supplied by Parent or Merger Sub to be included in this proxy statement;

the absence of any suits, claims, actions, proceedings, arbitrations, mediations or investigations pending or, to Parent's knowledge, threatened against Parent or any of its subsidiaries, and the absence of certain orders and judgments against Parent or any of its subsidiaries, in each case that, individually or in the aggregate, would have a material adverse effect on

the ability of Parent or Merger Sub to perform its obligations under the Merger Agreement or consummate the Merger;

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- the formation of Merger Sub solely for the purpose of engaging in the transactions contemplated by the Merger Agreement, the absence of any other obligations of Merger Sub, and the ownership of Merger Sub by Parent;

- the Commitment Letter (as defined below in "*Financing Matters*") the absence of any amendments or modifications thereto, the validity and enforceability of the Commitment Letter, the availability and sufficiency of funds to consummate the Merger and the absence of any financing condition to the obligations of Parent or Merger Sub under the Merger Agreement;

- the absence of any vote or consent of Parent stockholders required to approve the Merger Agreement or the Merger; and

- the absence of ownership of any Company Common Stock by Parent or Merger Sub, and related matters.

The representations and warranties of each of the parties to the Merger Agreement will expire at the effective time of the Merger.

Conduct of Business Pending the Closing

Under the Merger Agreement, the Company has agreed that, subject to certain exceptions in the Merger Agreement and the disclosure letter delivered by the Company in connection with the Merger Agreement, between the date of the Merger Agreement and the effective time of the Merger, except as required by applicable law or to the extent that Parent otherwise consents in writing (which consent cannot be unreasonably withheld or delayed), the Company will, and will cause each of its subsidiaries to, conduct its business in the ordinary course of business and consistent with past practice and will use reasonable best efforts to preserve substantially intact its assets, properties and business organization and to preserve its relationships with employees, customers, suppliers and other persons with which it has material business relations.

Subject to certain exceptions set forth in the Merger Agreement and the disclosure letter the Company delivered in connection with the Merger Agreement, except to the extent that Parent otherwise consents in writing (which consent, in certain cases, cannot be unreasonably withheld or delayed), the Company will not and will not permit any of its subsidiaries to:

- amend or otherwise change its articles of incorporation or bylaws or any similar governing instruments;

- issue, deliver, sell, pledge, dispose of or encumber any shares of capital stock or any of its other securities, or grant any right to acquire any shares of its capital stock or its other securities, except: (i) pursuant to the exercise, vesting or settlement of equity awards outstanding as of the date of the Merger Agreement and in accordance with the terms of such instruments as in effect on the date of the Merger Agreement; (ii) pursuant to the Company ESPP with respect to any offering or purchase period begun before the date of the Merger Agreement and ending under its normal schedule before the closing date of the Merger; or (iii) pursuant to the settlement of Company RSUs upon distribution from the Company's 2005 Deferred Compensation Plan in accordance with the terms thereof and the distribution elections made thereunder;

- declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock or other securities;

- (i) adjust, split, combine, redeem, repurchase or otherwise acquire any shares of its capital stock or any of its other securities or any rights, warrants or options to acquire any such shares or other securities (except in connection with cashless exercises, cancellation of shares in satisfaction of tax withholding obligations or similar transactions pursuant to the exercise, vesting or settlement of Company equity awards outstanding as of the date of Merger Agreement);

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(ii) reclassify, combine, split, subdivide or otherwise amend the terms of its capital stock or other securities; (iii) authorize the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock or any of its other securities; (iv) adopt or implement any stockholder rights plan; or (v) change the ownership of any of its subsidiaries, or otherwise engage in any internal corporate restructuring or reorganization, including by way of merger, consolidation or stock or asset sale;

(i) acquire any corporation, partnership or other business organization or division thereof; (ii) acquire any assets having a value in excess of $500,000 individually or $2,500,000 in the aggregate other than purchases of inventory in the ordinary course of business; (iii) sell or otherwise dispose of any corporation, partnership or other business organization or division thereof; or (iv) sell or otherwise dispose of any assets having a value in excess of $250,000 individually or $1,000,000 in the aggregate, other than sales or dispositions of inventory in the ordinary course of business;

(i) terminate or materially modify or amend any Company material contract (or any contract that, if entered into prior to the date of the Merger Agreement, would constitute a Company material contract), or knowingly waive, release or assign any material rights or claims thereunder, or (ii) other than in the ordinary course of business, enter into any contract that, if entered into prior to the date of the Merger Agreement, would constitute a Company material contract;

make any capital expenditures which are, in the aggregate, in excess of the Company's capital expenditure budget;

(i) make any loans, advances or capital contributions to, or investments in, any other person or entity other than a subsidiary of the Company or routine advances to its employees in the ordinary course of business; (ii) incur any indebtedness or issue, sell or amend any debt securities or any warrants or other rights to acquire any debt securities; (iii) assume, guarantee, endorse or otherwise become liable or responsible for the indebtedness or other obligations of another person or entity, including any "keep well" or other contract to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing (other than, in any such case, a guaranty by the Company on behalf of its subsidiaries); or (iv) enter into any hedging contract or other financial contract or arrangement designed to protect the Company or any of its subsidiaries against fluctuations in commodities prices, exchange rates or interest rates;

except as required to comply with applicable law or contracts or Company plans existing on the date of the Merger Agreement: (i) enter into, terminate or amend any employment, severance, retention, change in control, or similar contract or benefit plan for the benefit or welfare of any current or former director, officer, employee or consultant or any collective bargaining agreement or similar labor contract other than (1) any amendment to the employment or similar contract of any non-officer employee (other than any person covered by an executive severance agreement) that (a) does not increase the compensation of such employee other than as permitted by the limit described in (ii) below and (b) is not otherwise adverse to the Company, or (2) any employment or consulting contract for a new non-officer employee or consultant that does not provide severance or notice periods beyond the requirements of applicable law; (ii) increase the compensation or fringe benefits of, or pay any bonus to, any director, officer, employee or consultant except for such salary increases made in the ordinary course of business (in an aggregate amount not to exceed an agreed percentage as compared with the aggregate salary for the prior year) and with no increase for any person covered by an executive severance agreement; (iii) amend or accelerate the payment, right to payment or vesting of any compensation or benefits, including any outstanding equity compensation; (iv) pay any material

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benefit not provided for as of the date of the Merger Agreement under any Company benefit plan; (v) grant any awards under any bonus, incentive, performance or other compensation plan or arrangement or benefit plan, including the grant of stock options, stock appreciation rights, stock-based or stock-related awards, performance units or restricted stock or restricted stock units (except that, if the closing date of the Merger is later than June 30, 2016, cash bonus criteria for the period July 1, 2016 through December 31, 2016 may be set before the closing date of the Merger if such timing would be in the ordinary course of business consistent with past practice and the bonuses do not increase the bonus opportunity over those in effect for the period January 1, 2016 through June 30, 2016), or remove existing restrictions in any benefit plans or contracts or awards made thereunder; or (vi) take any action to fund or in any other way secure the payment of compensation or benefits under any contract or Company benefit plan;

implement or adopt any material change in its methods of accounting, except as may be appropriate to conform to changes in statutory or regulatory accounting rules or GAAP or regulatory requirements with respect thereto;

(i) make or change any material tax election; (ii) change any material tax accounting method; (iii) file any material amended tax return; (iv) enter into any material closing agreement; (v) waive or extend the statute of limitations with respect to material taxes; (vi) settle or compromise any material tax liability, claim or assessment; or (vii) surrender any right to claim a material refund of taxes;

compromise or settle any suit, claim, action, proceeding, arbitration, mediation or investigation , or consent to the same, other than compromises, settlements or contracts in the ordinary course of business that involve only the payment of money damages not in excess of $250,000 individually or $1,000,000 in the aggregate and do not impose equitable relief on the Company or any of its subsidiaries or provide for any admission of wrongdoing by the Company or any of its subsidiaries;

fail to maintain insurance at levels substantially comparable to levels existing as of the date of the Merger Agreement; or

authorize or agree to take any of the actions to do any of the foregoing.

Financing Matters

Parent has delivered to the Company a fully executed Commitment Letter (together with the Fee Letter (as defined below), the "*Debt Financing Commitments*") pursuant to which the Commitment Parties have agreed subject to the terms and conditions therein, to provide or cause to be provided the debt amounts set forth therein (such amounts, the "*Debt Financing*") and the fee letters referred to in such commitment letter (with only fee amounts, dates, pricing caps, "market flex" and other economic terms redacted, none of which would adversely affect the amount or availability of the Debt Financing (the "*Fee Letter*")). Parent and Merger Sub have agreed to use reasonable best efforts to do or cause to be done all things necessary, proper or advisable to consummate and obtain the proceeds of the Debt Financing on the terms and conditions of the Debt Financing Commitments (including any flex provisions applicable thereto). They have also committed to use reasonable best efforts to: (i) negotiate definitive agreements on terms and conditions (including the flex provisions) not materially less favorable, in the aggregate, to Parent; (ii) satisfy (or seek a waiver of) on a timely basis all conditions applicable to Parent and Merger Sub in the Debt Financing Commitments that are within its control and otherwise comply with its obligations thereunder; (iii) maintain in effect the Debt Financing Commitments in accordance with their terms; and (iv) enforce their rights under the Debt Financing Commitments in the event of a breach by any counterparty.

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Parent has the right to amend, supplement, restate or modify the Debt Financing Commitments, including to add or replace lenders, lead arrangers, bookrunners, syndication agents or similar entities who had not executed the Debt Financing Commitments as of the date of the Merger Agreement or to increase the amount of Indebtedness contemplated by the Debt Financing Commitments. However, it must obtain the Company's consent if such amendment: (i) adds new (or adversely modifies any existing) conditions precedent to the Debt Financing, subject to limited exceptions; (ii) reduces the aggregate amount of the Debt Financing Commitments (including by changing the fees paid or original issue discount) in a manner that would adversely impact the ability of Parent to consummate the Merger; or (iii) makes changes that would otherwise be reasonably expected to (A) prevent, impede or delay the consummation of the Merger, (B) make funding less likely to occur or (C) adversely impact the ability of Parent or Merger Sub to enforce their rights against the other parties to the Debt Financing Commitments. Parent also has the right to substitute the proceeds of consummated offerings or other incurrences of debt (including notes) for all or any portion of the Debt Financing by reducing commitments under the Debt Commitment Letter, subject to certain conditions.

Parent has also agreed to keep us reasonably informed regarding the status of the Debt Financing process. Parent has agreed to, among other things, give us prompt notice of any material breach or default or purported termination or repudiation of the Debt Financing Commitments. If any portion of the Debt Financing becomes unavailable on the terms and conditions (including the flex provisions) contemplated in the Debt Financing Commitments, but alternative facilities are available on terms and conditions substantially similar to the Debt Financing Commitments, Parent has agreed to use reasonable best efforts to arrange for alternative financing in an amount sufficient to make the payments to be made by Parent and Merger Sub at the effective time of the Merger. Parent will use its reasonable best efforts to ensure that the terms of such alternative financing do not expand upon the conditions precedent or contingencies to the funding of the Debt Financing on the closing date as set forth in the Debt Financing Commitments in effect on the date of the Merger Agreement or otherwise include terms (including any "flex" provisions) that would reasonably be expected to prevent, impede or materially delay the consummation of the Merger. The Merger Agreement obligates Newport to use its reasonable best efforts to cooperate with Parent in connection with the Debt Financing.

The completion of the Merger is not conditioned upon Parent's receipt of financing.

Stockholder Meetings; Preparation of Proxy Statement

As promptly as reasonably practicable after the date of the Merger Agreement (and, in any event, not later than the 15th business day immediately thereafter), the Company shall (i) prepare (with Parent's reasonable cooperation to the extent required) and file with the SEC a proxy statement in preliminary form to be sent to the stockholders of the Company relating to the special meeting of the Company's stockholders to be held to consider the adoption and approval of the Merger Agreement and, (ii) set a record date for such special meeting and commence a broker search pursuant to Section 14a-13 of the Exchange Act in connection therewith. The Company will not file or mail the proxy statement, or any amendment or supplement thereto, without the prior approval of Parent. The Company will advise Parent promptly after it receives any request by the SEC for amendment of the proxy statement or any comments on the proxy statement, and will provide Parent with copies of any written communication with the SEC or any state securities commission. The Company will respond to any requests or comments from the SEC as promptly as practicable and will not file or otherwise deliver to the SEC any such response without the prior approval of Parent. The Company will cause the proxy statement to be mailed to the Company stockholders on or prior to the third business day after the resolution of any comments thereon from the SEC or, if the SEC does not inform the Company that it intends to review the proxy statement on or before the 10th calendar day following the filing of the proxy statement, on or prior to the third business day following such 10th calendar day. The Company will use reasonable best efforts to cause all documents it is responsible for filing with the

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SEC or other regulatory authorities to comply in all material respects with all applicable requirements of law. If, at any time prior to the effective time of the Merger, any information is discovered by the Company or Parent that should be set forth in an amendment or supplement to the proxy statement, so that the proxy statement would not contain any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company will promptly file an appropriate amendment or supplement describing such information with the SEC and, to the extent required under applicable law, disseminate such amendment or supplement to stockholders of the Company.

As promptly as reasonably practicable following the resolution of any comments on the proxy statement from the SEC (or, if the SEC does not inform the Company that it intends to review the proxy statement on or before the tenth calendar day following the filing of the proxy statement, as promptly as reasonably practicable following such tenth calendar day), the Company will duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of voting on the Merger Proposal. The Company Board may (and, in the case of the following clauses (ii) and (iii), shall if requested by Parent), postpone or adjourn the meeting of its stockholders (i) with the consent of Parent, (ii)(A) due to the absence of a quorum or (B) if the Company has not received proxies representing a sufficient number of shares to obtain the approval for the Merger Proposal, whether or not a quorum is present, to solicit additional proxies; (iii) to allow reasonable additional time for the filing and mailing of any supplemental or amended disclosure which the Company Board has determined in good faith after consultation with outside counsel and Parent is necessary under applicable law, and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's stockholders prior to the meeting of its stockholders, or (iv) if the Company Board has effected an Adverse Recommendation Change in response to an Intervening Event and the Company Board determines in good faith, after consultation with outside counsel, that failure to postpone or adjourn the special meeting of its stockholders would violate the NRS, for so long as is necessary to avoid such violation. The special meeting cannot be adjourned pursuant to clauses (ii) or (iii) above to a date that is less than 10 business days prior to August 22, 2016. The Company and Parent can each cause the special meeting to be postponed or adjourned pursuant to clause (ii) only three times each and in each case for only up to 10 business days.

Unless the Company Board has effected an Adverse Recommendation Change, it must recommend to the Company stockholders that they approve the Merger Agreement and the transactions contemplated thereby, and include that recommendation in the proxy statement. Unless the Merger Agreement is validly terminated, and if applicable, the Company pays to Parent a termination fee of $32,600,000, the obligations of the Company and the Company board described in this paragraph and the preceding paragraph will not be affected by any Acquisition Proposal.

No-Shop; Acquisition Proposals; Change in Recommendation

Following the date of the Merger Agreement, the Company and its subsidiaries, and their respective officers, directors, employees, agents, advisors and representatives, may not, directly or indirectly: (i) initiate, solicit, knowingly facilitate or knowingly encourage any inquiries, proposals or offers with respect to, or the making or completion of, an Acquisition Proposal (as defined below), or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal; (ii) engage or participate in any negotiations or discussions concerning, or provide any information or data relating to the Company and its subsidiaries in connection with, an Acquisition Proposal, or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal; (iii) approve, endorse or recommend any Acquisition Proposal; or (iv) execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar contract relating to an Acquisition Proposal or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal.

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Notwithstanding the foregoing, at any time prior to the adoption and approval of the Merger Agreement and the Merger by the Company's stockholders, the Company may, in response to an unsolicited, bona fide written Acquisition Proposal that the Company Board determines in good faith, after consultation with its outside counsel and its independent financial advisor, constitutes or would reasonably be expected to lead to a Superior Proposal (as defined below) (i) furnish information with respect to the Company and its subsidiaries to the person making such Acquisition Proposal pursuant to a confidentiality agreement no less favorable to the Company than the confidentiality agreement between the Company and Parent and (ii) participate in discussions or negotiations with such person and its representatives regarding the Acquisition Proposal.

The Company must advise Parent within 24 hours of receipt of any Acquisition Proposal, request for information relating to the Company or its subsidiaries, or inquiry or request for discussion or negotiation regarding, or that could reasonably be expected to lead to, an Acquisition Proposal. Such notice must include the identity of the person making the Acquisition Proposal, inquiry or request, and the material terms thereof. The Company must also keep Parent reasonably informed of the status and details of any such Acquisition Proposal, request or inquiry, and provide to Parent copies of any information provided to or received from the person making such Acquisition Proposal, request or inquiry.

Generally, the Company Board is prohibited from (i) withdrawing or modifying in a manner adverse to Parent and Merger Sub its recommendation in favor of the Merger Agreement and the Merger to the Company stockholders or (ii) approving or recommending an Acquisition Proposal (each, an "*Adverse Recommendation Change*"). However, the Company Board can make an Adverse Recommendation Change if:

- the Company Board determines that a Superior Proposal is outstanding;
- the Company Board reasonably determines in good faith, after consultation with its outside counsel and its independent financial advisor, that its fiduciary obligations require it to make an Adverse Recommendation Change, but at least five business days (or three business days in the case of a change to a Superior Proposal of which Parent has previously been notified) after delivering notice of the contemplated Adverse Recommendation Change to Parent;
- during such five business day (or three business day) period, the Company provides Parent with a reasonable opportunity to adjust the terms and conditions of the Merger Agreement and negotiates in good faith with Parent to enable the Company Board to proceed with its recommendation in favor of the Merger and the Merger Agreement;
- the Company complies with the notice requirements described above; and
- during such five business day (or three business day) period, Parent does not make a proposal that the Company Board determines in good faith, after consultation with its outside counsel and its independent financial advisor, to be at least as favorable from a financial point of view to the Company stockholders as the Superior Proposal.

The Company Board can also make an Adverse Recommendation Change in response to an Intervening Event (as defined below) if:

- the Company Board has determined in good faith, after consultation with its outside counsel and its independent financial advisor, that in light of such Intervening Event, its fiduciary obligations require it to make an Adverse Recommendation Change;
- the Company Board has provided notice to Parent of the contemplated Adverse Recommendation Change, and specified the reasons therefor in reasonable detail, at least five business days prior to making such Adverse Recommendation Change; and

during such five business day period, if requested by Parent, the Company has engaged in good faith negotiations with Parent to amend the Merger Agreement to obviate the need to make an Adverse Recommendation Change.

As used in this proxy statement, the term "*Acquisition Proposal*" means any inquiry, proposal or offer from any person other than Parent for (i) a merger, reorganization, consolidation, share exchange, tender offer, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company (or any subsidiaries of the Company whose business constitutes 15% or more of the net revenues, net income or assets of the Company and its subsidiaries, taken as a whole) or (ii) the acquisition in any manner (including by virtue of any equity interest), directly or indirectly, of (A) 15% or more of the consolidated total assets of the Company and its subsidiaries or (B) securities that, in the aggregate with any securities then owned by such person, would result in such person owning 15% or more of the equity securities of the Company.

As used in this proxy statement, the term "*Superior Proposal*" means any bona fide, unsolicited written Acquisition Proposal made after the date of the Merger Agreement (i) on terms which the Company Board determines in good faith, after consultation with its outside counsel and its independent financial advisor, to be more favorable from a financial point of view to the Company stockholders than the Merger, taking into account all the terms and conditions of such proposal, and the Merger Agreement (including any timely proposal by Parent to amend the Merger Agreement) and (ii) that, after consultation with its outside counsel and its independent financial advisor, the Company Board reasonably believes is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal. For purposes of the definition of "Superior Proposal," the references to "15%" in the definition of Acquisition Proposal are deemed to be references to "50%" and no Acquisition Proposal can be deemed a Superior Proposal if any financing required to consummate such Acquisition Proposal is not committed.

As used in this proxy statement, the term "*Intervening Event*" means a material development or change in circumstances (not relating to any Acquisition Proposal) that affects the business, assets or operations of the Company and its subsidiaries, taken as a whole, and that was neither known to nor reasonably foreseeable by the Company Board as of or prior to the date of the Merger Agreement.

Employee Matters

The Merger Agreement provides that, for a period of one year following the effective time of the Merger, Parent will cause the surviving corporation and each of its subsidiaries to:

- maintain the severance-related provisions of our employee benefit plans, and provide 100% of the cash severance payments required thereunder to each of our employees who does not have an individual severance agreement and who is terminated without "cause" (using criteria comparable to those in effect under Parent's severance policies and subject to a required release of claims on a form provided by Parent); and

- maintain for our employees who continue to be employed by the surviving corporation and its subsidiaries after the effective time of the Merger (referred to as the "*Continuing Employees*") base salary levels no less favorable than those in effect on the date of the Merger Agreement.

The Merger Agreement further provides that from the effective time of the Merger until December 31, 2016, Parent will cause the surviving corporation and each of its subsidiaries to:

- maintain other cash compensation levels (such term to consist of percentage of salary used for target bonus opportunities (on metrics set by Parent) and commission programs), no less favorable than those in effect on the date of the Merger Agreement; and

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- maintain in place our medical, dental, vision, employee assistance, short-term disability and long-term disability benefit plans in effect prior to the closing of the Merger. Such coverage for Continuing Employees will transition to Parent-provided benefit plans effective on January 1, 2017. If practicable, and depending on whether Parent can obtain sufficient information from insurance carriers or other sources, Parent will provide Continuing Employees with credit in 2017 for deductibles, co-payments and out-of-pocket maximums for the period between July 1, 2016 and December 31, 2016 in a manner comparable to which Parent provides credit to its employees at that time.

The Merger Agreement also provides that Parent will:

- provide or cause its subsidiaries to provide the Continuing Employees full credit for their service with us, our subsidiaries, or their predecessor entities, for purposes of eligibility, vesting, and benefit accruals under Parent's 401(k) plan, vacation and sick time accrual rates, service used for determining severance under the applicable policy or agreement, and any stock appreciation rights or restricted stock units granted under our equity plans prior to the closing of the Merger that are assumed by Parent to the same extent recognized by us prior to the merger; and

- except as otherwise agreed in writing with the Continuing Employee, cause the surviving corporation and its subsidiaries to honor in accordance with its terms:

  - each existing written employment, retention, change in control, severance, and termination agreement between us or any of our subsidiaries and any officer, director, or employee;

  - all written obligations in effect as of the effective time of the Merger under any of our or our subsidiaries' equity-based, bonus or bonus deferral plans, programs or agreements (provided that there will not be further deferrals of compensation after the closing of the Merger); and

  - all vested and accrued benefits under any of our employee benefit plans or agreements.

Our 401(k) plans will be formally terminated before the closing date of the Merger.

This description above does not apply to any individuals covered by collective bargaining agreements or other collective representations, in which case the terms of the applicable collective bargaining agreement or collective representation will apply, nor does it apply to individuals or benefit plans subject to non-U.S. law (as to which Parent has agreed to cause the surviving corporation and its subsidiaries to comply with any applicable laws or employment contracts with respect to compensation and benefits).

The provisions of the Merger Agreement dealing with post-closing compensation and benefits are only agreements between the Company and the Parent and neither the Merger Agreement nor this description creates any rights in you or any other person or benefit plan participant. Except as noted above with respect to certain medical and certain other benefit plans, the Merger Agreement does not require the maintenance of any particular benefit plan for any length of time, does not create or amend any plan, does not confer any rights to continued employment or any particular term or condition of employment, or should be read to indicate the existence of an employment relationship with any non-employees. No current or former employees of the Company or any of its subsidiaries has been given any right to assert any claim against Parent, the surviving corporation or any of their respective affiliates with respect to compensation and benefits following the closing of the Merger.

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Indemnification, Exculpation and Insurance

Parent and the Company have agreed that all rights to indemnification and exculpation from liabilities for actions or omissions occurring at or prior to the effective time of the Merger, and rights to advancement of expenses relating thereto, existing as of the date of the Merger Agreement in favor of any present (as of the effective time of the Merger) or former officer, director or employee of the Company and its subsidiaries as provided in the organizational documents of the Company and its subsidiaries or in any indemnification agreement shall continue in full force and effect and shall not be amended or otherwise modified in any manner that would adversely affect the indemnified party.

For a period of six years from the effective time of the Merger, Parent must either cause to be maintained in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its subsidiaries or cause to be provided substitute policies or purchase or cause the surviving corporation to purchase, a "tail policy," in either case of at least the same coverage and containing terms and conditions that are not less advantageous in the aggregate than such policy with respect to matters arising on or before the effective time of the Merger. After the effective time of the Merger, however, Parent will not be required to pay annual premiums with respect to such insurance policies in excess of 250% of the last annual premium paid by the Company prior to the date of the Merger Agreement, but in such case must purchase as much coverage as reasonably practicable for such amount. With the prior written consent of Parent, the Company may purchase, prior to the effective time of the Merger, a six-year prepaid "tail policy" on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its subsidiaries. Parent will have no obligation to consent to the purchase of any such tail policy if it costs more than 250% of such last annual premium. If such tail prepaid policy has been obtained by the Company prior to the effective time of the Merger, Parent will cause such policy to be maintained in full force and effect, for its full term, and cause all obligations thereunder to be honored by the surviving corporation.

In the event that the surviving corporation or Parent or any of their respective successors or assigns (i) consolidates with or merges into any other person or entity or (ii) transfers or conveys all or a majority of its properties and assets to any person or entity, then proper provision must be made so that the successors and assigns of the surviving corporation or Parent, as the case may be, will succeed to the obligations described in this section.

Other Covenants

No Control of Other Party's Business

Prior to the effective time of the Merger, the Company and Parent have agreed that each of the Company and Parent shall exercise, consistent with the terms and conditions of the Merger Agreement, complete control and supervision over its and its subsidiaries' respective operations. Nothing in the Merger Agreement gives Parent, directly or indirectly, the right to control or direct the Company's or its subsidiaries' operations prior to the effective time of the Merger, and nothing in the Merger Agreement gives the Company, directly or indirectly, the right to control or direct Parent's or its subsidiaries' operations prior to the effective time of the Merger. The provisions described in this paragraph do not limit any other provision of the Merger Agreement.

Access to Information; Confidentiality

From the date of the Merger Agreement to the effective time of the Merger or the earlier termination of the Merger Agreement, upon reasonable prior written notice, the Company has agreed to afford to Parent, or cause its subsidiaries and its and their respective officers, directors, managers, employees and representatives to, reasonable access during normal business hours, consistent with

applicable law, to the respective officers, employees, properties, offices, other facilities and books and records of the Company and its subsidiaries, and to furnish Parent with all financial, operating and other data and information as Parent shall reasonably request in writing. Notwithstanding the foregoing, any such investigation or consultation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Company or its subsidiaries or otherwise result in any significant interference with the prompt and timely discharge by the employees of the Company or its subsidiaries of their normal duties. The Company and its subsidiaries are not required to provide access to or to disclose information where such access or disclosure would: (i) breach any contract with any third party in effect on the date of the Merger Agreement; (ii) constitute a waiver of or jeopardize the attorney-client or other privilege held by the Company; or (iii) otherwise violate any applicable law.

Each of Parent and Merger Sub will hold and treat and will cause its representatives to hold and treat all documents and information concerning the Company and its subsidiaries furnished to Parent or Merger Sub in connection with the transactions contemplated by the Merger Agreement, including the Merger, in accordance with the Confidentiality Agreement, dated December 4, 2015, between Parent and the Company.

Notwithstanding anything to the contrary set forth in the Merger Agreement or in the Confidentiality Agreement, Parent is permitted to (i) disclose nonpublic or otherwise confidential information regarding the Company and its subsidiaries to financing sources, rating agencies and prospective lenders and investors during syndication of any financing subject to their entering into customary confidentiality undertakings with respect to such information (including through a notice and undertaking in a form customarily used in confidential information memoranda for senior credit facilities), and (ii) publicly disclose the required information and pro forma financial information provided to any financing source under any confidential information memoranda prepared in connection with any financing sought or obtained by Parent in connection with the transactions contemplated by the Merger Agreement.

Further Action; Efforts

The parties to the Merger Agreement are required to use reasonable best efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by the Merger Agreement at the earliest practicable date, including, as promptly as practicable, (i) making all necessary filings and submissions with respect to the Merger Agreement and the Merger as required under the securities laws, and (ii) as promptly as practicable, providing any notice to, and using reasonable best efforts to obtain any consent, waiver or approval from, any third party required in connection with the transactions contemplated by the Merger Agreement under any contract to which such party is a party.

Each of the parties to the Merger Agreement also agreed to prepare and file as promptly as practicable, and in any event by no later than five business days from the date of the Merger Agreement, an appropriate filing of a Notification and Report Form pursuant to the HSR Act. The parties are required to keep each other apprised of the status of matters relating to the completion of the transactions contemplated by the Merger Agreement and to work cooperatively in connection with obtaining the required approvals of or clearances from governmental entities.

Takeover Laws

If any takeover law is or becomes applicable to the Merger Agreement, the Merger or any of the other transactions contemplated by the Merger Agreement, each of the Company and Parent and their respective boards of directors shall take all actions necessary to ensure that the Merger and the other transactions contemplated by the Merger Agreement may be consummated as promptly as practicable

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on the terms contemplated by the Merger Agreement and otherwise to eliminate or minimize the effect of such takeover law on the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

Notification of Certain Matters

The Company and Parent have agreed to promptly notify each other of (i) any notice or other communication received by such party from any governmental entity in connection with the Merger or the other transactions contemplated by the Merger Agreement or from any person alleging that the consent of such person is or may be required in connection with the Merger or the other transactions contemplated by the Merger Agreement; (ii) any suit, claim, action, proceeding, arbitration, mediation or investigation commenced or, to such party's knowledge, threatened against, relating to or involving or otherwise affecting such party or any of its subsidiaries which relate to the Merger or the other transactions contemplated by the Merger Agreement; or (iii) the discovery of any fact or circumstance that, or the occurrence or non-occurrence of any event the occurrence or non-occurrence of which, would cause or result in any of the conditions to the other party's obligation to consummate the Merger in the Merger Agreement not being satisfied or satisfaction of those conditions being materially delayed.

Rule 16b-3

Prior to the effective time of the Merger, the Company shall adopt such resolutions as may be reasonably necessary or advisable to cause dispositions of Company equity securities (including derivative securities) pursuant to the transactions contemplated by the Merger Agreement by each individual who is a director or officer of the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Public Announcements

Parent and Merger Sub, on the one hand, and the Company, on the other hand, have agreed, to the extent reasonably practicable, to consult with each other before issuing, and give each other a reasonable opportunity to review and comment upon, any press release or other public statements with respect to the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and to not issue any such press release or make any public announcement without the prior consent of the other party, which consent shall not be unreasonably withheld, except as may be required by applicable law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

Obligations of Merger Sub

Parent is required to take all action necessary to cause Merger Sub to perform its obligations under the Merger Agreement.

Nasdaq Quotation

The Company is required to use reasonable best efforts to continue the quotation of the Company Common Stock on NASDAQ until immediately prior to the effective time of the Merger.

Stockholder Litigation

Until the earlier of the effective time of the Merger or the termination of the Merger Agreement, the Company is required to give Parent the opportunity to participate in (but not control) the defense or settlement of any stockholder litigation against the Company and/or its officers or directors relating to the Merger or any of the other transactions contemplated by the Merger Agreement, and cannot

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settle any such litigation without Parent's prior written consent, except for any settlement that (i) does not (A) include an admission of liability or guilt or (B) provide for any injunctive or equitable relief, other than any supplemental disclosures approved by Parent; (ii) includes a complete release of Parent and its affiliates; and (iii) does not result in the payment by Parent, the Company or any subsidiary thereof of any amount in excess of the retention or deductible under any applicable insurance policy of the Company.

Conditions to Completion of Merger

The obligation of each party to the Merger Agreement to effect the Merger is subject to the satisfaction at or prior to the effective time of the Merger of the following conditions:

- the adoption and approval of the Company's stockholders of the Merger Agreement and the Merger shall have been obtained;

- no temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or other legal restraint or prohibition shall be in effect, and no law shall have been enacted, entered, promulgated, enforced or deemed applicable by any governmental entity that, in any case, prohibits or makes illegal the consummation of the Merger; and

- any applicable waiting periods shall have expired or been terminated, and any approvals required shall have been obtained, in each case relating to the transactions contemplated by the Merger Agreement under the HSR Act or under the antitrust law of Germany or Israel, subject to certain exceptions specified in the disclosure letter delivered by the Company to Parent in connection with the Merger Agreement.

The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver at or prior to the effective time of the Merger of the following conditions:

- the representations and warranties of Parent and Merger Sub set forth in the Merger Agreement shall be true and correct as of the date of the Merger Agreement and as of the closing date of the Merger as though made as of the closing date of the Merger (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except for inaccuracies of representations or warranties the circumstances giving rise to which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the ability of Parent or Merger Sub to perform its obligations under the Merger Agreement or consummate the Merger or any of the other transactions contemplated thereby; provided, that the representations and warranties of Parent and Merger Sub regarding (i) Parent's and Merger Sub's organization, valid existence, good standing, corporate power, qualification to do business and similar corporate matters and (ii) Parent's and Merger Sub's corporate power and authority to enter into and perform its obligations under the Merger Agreement, the authorization of the Merger Agreement by the boards of directors of Parent and Merger Sub, the due execution and delivery of the Merger Agreement, and the enforceability of the Merger Agreement against Parent and Merger Sub, shall each be true and correct in all material respects as of the date of the Merger Agreement and as of the closing date of the Merger as though made as of the closing date of the Merger;

- Parent and Merger Sub shall have performed in all material respects all obligations required to be performed by them under the Merger Agreement at or prior to the effective time of the Merger; and

- the Company shall have received a certificate signed by an executive officer of Parent certifying as to the foregoing matters.

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The obligation of the Parent and Merger Sub to effect the Merger is also subject to the satisfaction or waiver at or prior to the effective time of the Merger of the following conditions:

- the representations and warranties of the Company set forth in the Merger Agreement shall be true and correct as of the date of the Merger Agreement and as of the closing date of the Merger as though made as of the closing date of the Merger (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except for inaccuracies of representations or warranties the circumstances giving rise to which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect (as defined in " *Representations and Warranties*"); provided, that each of the representations and warranties of the Company regarding (i) the absence of a material adverse effect shall be true and correct in all respects as of the date of the Merger Agreement and as of the closing date of the Merger as though made as of the closing date of the Merger; (ii) the representations and warranties of the Company regarding the capitalization of the Company and its Subsidiaries shall be true and correct in all respects, except for any *de minimis* inaccuracies therein, as of the date of the Merger Agreement and as of the closing date of the Merger as though made as of the closing date of the Merger (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date); and (iii) the representations and warranties of the Company regarding (A) the Company's and its subsidiaries organization, valid existence, good standing, corporate power, qualification to do business and similar corporate matters, (B) the Company's corporate power and authority to enter into and perform its obligations under the Merger Agreement, the authorization of the Merger Agreement by the board of directors of the Company, the due execution and delivery of the Merger Agreement, and the enforceability of the Merger Agreement against the Company, and (C) the absence of any undisclosed broker's or finder's fees in connection with the Merger, shall each be true and correct in all material respects as of the date of the Merger Agreement and as of the closing date of the Merger as though made as of the closing date of the Merger;

- the Company shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger;

- since the date of the Merger Agreement, there shall not have occurred any event, change, occurrence or effect that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the Company;

- there shall not be pending any suit, action or proceeding by any governmental entity: (i) challenging, making illegal or otherwise restraining or prohibiting, or seeking to challenge, make illegal or otherwise restrain or prohibit, the Merger or the other transactions contemplated by the Merger Agreement, or seeking to obtain from the Company, Parent or Merger Sub any material damages; (ii) seeking to prohibit or materially limit the ownership or operation by the Company, Parent or Merger Sub of all or any material portion of the business or assets of the Company and its subsidiaries; (iii) seeking to compel the Company, Parent or Merger Sub to dispose of or to hold separate all or any material portion of the business or assets of the Company or any of its subsidiaries; (iv) seeking to impose any material limitation on the ability of the Company, Parent or Merger Sub to conduct the business or own the assets or the Company or any of its subsidiaries; (v) seeking to impose material limitations on the ability of Parent or Merger Sub to acquire or hold, or to exercise full rights of ownership of any Company Common Stock; or (vi) seeking to require divestiture by Parent or Merger Sub of any Company Common Stock; and

- Parent shall have received a certificate signed by an executive officer of the Company certifying as to the foregoing matters.

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Termination of the Merger Agreement

The Merger Agreement may be terminated and the Merger may be abandoned at any time prior to the effective time of the Merger by mutual written consent of Parent and the Company. In addition, the Merger Agreement may be terminated prior to the effective time of the Merger by either Parent or the Company if:

- the Merger has not been consummated on or before 5:00 p.m., Eastern time, on August 22, 2016;
- any court of competent jurisdiction or other governmental entity has issued a judgment, order, injunction, rule or decree, or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Merger Agreement, and such judgment, order, injunction, rule, decree or other action has become final and non-appealable; or
- if the adoption and approval of the Merger Agreement and the Merger by the Company stockholders is not obtained at the special meeting or at any adjournment or postponement thereof at which a vote on the adoption and approval of the Merger Agreement is taken.

The Merger Agreement can be terminated prior to the effective time of the Merger by the Company:

- if Parent or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or agreements in the Merger Agreement, and such breach or failure to perform (i) would result in the failure of a closing condition described in " *Conditions to Completion of the Merger*" and (ii) cannot be, or has not been, cured within 20 days after the Company has given Parent written notice of such breach or failure and stating the Company's intention to terminate the Merger Agreement; or
- prior to the receipt of the approval of the Merger Agreement and the Merger by the Company stockholders, to enter into a transaction that is a Superior Proposal, if (i) the Company Board has received a Superior Proposal; (ii) the Company has complied in all material respects with its obligations described under " *No Shop; Acquisition Proposals; Change in Recommendation*"; (iii) the Company Board approves, and concurrently with the termination of the Merger Agreement the Company enters into, a definitive agreement with respect to such Superior Proposal, and (iv) prior to or concurrently with such termination, the Company pays to Parent the termination fee described in " *Transaction Expenses and Termination Fees*" below.

The Merger Agreement can be terminated prior to the effective time of the Merger by Parent:

- if the Company has breached or failed to perform any of its representations, warranties, covenants or agreements in the Merger Agreement, and such breach or failure to perform (i) would result in the failure of a closing condition described in " *Conditions to Completion of the Merger*" and (ii) cannot be, or has not been, cured within 20 days after Parent has given the Company written notice of such breach or failure and stating Parent's intention to terminate the Merger Agreement; or
- if: (i) an Adverse Recommendation Change has occurred; (ii) the Company Board fails to recommend the approval of the Merger Agreement and the Merger in this proxy statement; (iii) an Acquisition Proposal is publicly announced, distributed or disseminated to the Company stockholders and, following the request of Parent, the Company Board fails to reaffirm its recommendation in favor of the Merger Agreement and the Merger within 10 business days of such request; (iv) the Company Board has approved, endorsed or recommended to the Company stockholders an Acquisition Proposal; (v) a tender offer or exchange offer for the Company Common Stock has commenced, and the Company Board recommends that the Company

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stockholders tender their shares of Company Common Stock in such tender or exchange offer or, within 10 business days after the commencement of such tender or exchange offer, the Company Board fails to recommend against acceptance of such offer; (vi) the Company Board resolves to do any of the foregoing; or (vii) the Company intentionally breaches in any material respect its obligations described in " *No Shop; Acquisition Proposals; Change in Recommendation*" or the second paragraph of " *Stockholder Meetings; Preparing of Proxy Statement.*"

Effect of Termination

In the event that the Merger Agreement is terminated, it will become void and have no effect, without liability or obligation on the part of Parent, Merger Sub or the Company, except that (i) the confidentiality agreement between the Company and Parent and certain other provisions of the Merger Agreement will survive termination of the Merger Agreement and (ii) with respect to any liabilities or damages arising out of a willful breach of the Merger Agreement or fraud, none of Parent, Merger Sub or the Company shall be released.

Transaction Expenses and Termination Fees

Subject to certain limited exceptions, all fees and expenses incurred in connection with the Merger Agreement and the Merger will be paid by the party incurring such fees or expenses, whether or not the Merger is consummated. However, the Company must pay Parent a termination fee of $32,600,000 in the event that:

- the Merger Agreement is terminated because:
  - the Merger has not been consummated on or before 5:00 p.m. Eastern time on August 22, 2016;
  - the Company has breached or failed to perform any of its representations, warranties, covenants or agreements; or
  - the adoption and approval of the Merger Agreement and the Merger by the Company stockholders is not obtained at the special meeting or at any adjournment or postponement thereof at which a vote on the adoption and approval of the Merger Agreement is taken;

  and, in addition to the termination of the Merger Agreement for any of the foregoing reasons,

    - at any time on or after the date of the Merger Agreement and prior to such termination or vote, an Acquisition Proposal has been communicated to the senior management of the Company or the Company Board or publicly announced or otherwise made known to the Company stockholders, and
    - within 12 months following such termination, the Company enters into a definitive agreement with respect to an Acquisition Proposal or an Acquisition Proposal is consummated (for purposes of this provision, the references to "15%" in the definition of Acquisition Proposal are deemed to be references to "50%");

- the Merger Agreement is terminated by the Company to enter into a transaction that is a Superior Proposal;
- the Merger Agreement is terminated by Parent for any reason set forth in the last bullet in the section " *Termination of the Merger Agreement*" above; or

the Merger Agreement is terminated by Parent or the Company because the Merger has not been consummated prior to August 22, 2016 following an Adverse Recommendation Change in response to an Intervening Event.

Amendment; Extension; Waiver

The parties may amend the Merger Agreement at any time either before or after the stockholder approval of the Merger Proposal by their written agreement. However, after such approval, no amendment may be made which requires further approval by such stockholders under applicable law unless such further approval is obtained. The Merger Agreement can only be amended in writing, and certain provisions of the Merger Agreement can only be amended with the prior written consent of the financing sources (including lenders, underwriters, initial purchasers or placement agents) for the Debt Financing (together with the arrangers and the partners, stockholders, managers, members, directors, attorneys, officers, employees, advisors, accountants, consultants, agents, affiliates, representatives and successors of any of the foregoing (the "*Financing Sources*")) to the extent any such amendment would materially and adversely affect the Financing Sources.

Prior to the effective time of the Merger, the parties may, to the extent permitted by applicable law and under the terms of the Merger Agreement, (i) extend the time for the performance of any of the obligations or other acts of the other party; (ii) waive any uncured inaccuracies in the representations and warranties contained in the Merger Agreement; and (iii) subject to applicable law, waive compliance with any of the agreements or conditions of the other parties contained in the Merger Agreement. Any agreement by a party to such extension or waiver must be in a writing signed by the applicable party. No failure or delay of any party in exercising any right or remedy shall operate as a waiver, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Governing Law

The Merger Agreement and all disputes or controversies arising out of or relating to the Merger Agreement or the transactions contemplated thereby are governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of Delaware (except that the provisions of the laws of the State of Nevada shall apply with respect to (i) the fiduciary duties of the Company Board and (ii) any provisions set forth in the Merger Agreement that are required to be governed by such laws or where such laws are otherwise mandatorily applicable to the transactions contemplated hereby). Subject to certain exceptions set forth in the Merger Agreement, any action or proceeding involving any Financing Source that may be based upon, arise out of or relate to the Debt Financing will be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of law which would require the application of the laws of another jurisdiction.

Assignment

The Merger Agreement may not be assigned by any party, by operation of law or otherwise, without the prior written consent of the other parties. However, each of Parent and Merger Sub may assign any of their respective rights and obligations to any direct or indirect wholly owned subsidiary of Parent without the consent of the Company. No such assignment will relieve Parent or Merger Sub of its obligations under the Merger Agreement. The Merger Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

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Specific Performance

The parties to the Merger Agreement have agreed that irreparable damage would occur if any of the provisions of the Merger Agreement were not performed in accordance with their specific terms or were otherwise breached. The parties agreed each party will be entitled to specific performance of the terms of the Merger Agreement, including an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically its terms and provisions in the Court of Chancery of the State of Delaware.

Nonrecourse

The Company has waived any rights or claims against any Financing Source in connection with the Merger Agreement, the Debt Financing Commitments, the Debt Financing or the transactions contemplated thereby for the transactions contemplated by the Merger Agreement. The Company has also agreed not to commence any action or proceeding against any Financing Source in connection with the Merger Agreement, the Debt Financing Commitments, the Debt Financing or the transactions contemplated thereby or the transactions contemplated by the Merger Agreement.

Amendment to Company Bylaws

On February 22, 2016, the Company Board adopted a Certificate of Amendment (the "*Bylaw Amendment*") to the Company's Amended and Restated Bylaws. The Bylaw Amendment, among other things, designates the Business Court in the Eighth Judicial District Court of Clark County, Nevada as the sole and exclusive forum (subject to certain exceptions specified therein) for any stockholder of the Company to bring (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty, (iii) any action asserting a claim arising pursuant to Chapters 78 and 92A of the NRS or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case as described in further detail in the Bylaw Amendment.

The foregoing description of the Bylaw Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Bylaw Amendment. A copy of the Company's Amended and Restated Bylaws, as amended, was attached as an exhibit to the Company's Current Report on Form 8-K, filed with the SEC on February 23, 2016, and which is incorporated by reference herein. See the section entitled "*Where You Can Find More Information*" beginning on page 99 of this proxy statement.

THE STOCKHOLDER AGREEMENT

In connection with the Merger Agreement, each of the Company's directors and executive officers executed a Stockholder Agreement with Parent. Each Stockholder Agreement (i) requires the applicable stockholder to vote such stockholder's shares of Company Common Stock in favor of (and to grant a proxy to Parent to vote in favor of) adoption and approval of the Merger Agreement and to vote against the approval or adoption of any alternative acquisition proposal and (ii) prohibits the applicable stockholder from transferring such stockholder's shares of Company Common Stock, each subject to the exceptions described in the Stockholder Agreement. As of the Record Date, our directors and executive officers were entitled to vote approximately 728,556 shares of Company Common Stock, or approximately 1.87% of total Company Common Stock outstanding on that date.

The foregoing description of the Stockholder Agreements does not purport to be complete and is qualified in its entirety by reference to the form of Stockholder Agreement, a copy of which is incorporated by reference in this proxy statement and attached to this proxy statement as Annex B.

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PROPOSAL 2

AUTHORITY TO ADJOURN THE SPECIAL MEETING

The Adjournment Proposal

If at the special meeting of stockholders, the Company Board determines it is necessary or appropriate to adjourn the special meeting, we intend to move to vote on the Adjournment Proposal. For example, the Company Board may make such a determination if the number of shares of Company Common Stock represented and voting in favor of the Merger Proposal at the special meeting is not sufficient to adopt and approve that proposal under the NRS, in order to enable the Company Board to solicit additional proxies in respect of such proposal. If the Company Board determines that it is necessary or appropriate, we will ask our stockholders to vote only upon the Adjournment Proposal and not the Merger Proposal.

In this proposal, we are asking you to authorize the holder of any proxy solicited by the Company Board to vote in favor of the Adjournment Proposal. If the stockholders approve the Adjournment Proposal, we could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously voted. Among other things, approval of the Adjournment Proposal could mean that, even if we had received proxies representing a sufficient number of votes against the Merger Proposal to defeat that proposal, we could adjourn the special meeting without a vote on the Merger Proposal and seek to convince the holders of those shares to change their votes to votes in favor of the Merger Proposal. Additionally we may seek to adjourn the special meeting if a quorum is not present or otherwise at the discretion of the chairman of the special meeting.

Vote Required and Board Recommendation

The proposal to adjourn the special meeting will be approved if a majority of the shares of Company Common Stock, present in person or represented by proxy and entitled to vote at the special meeting, vote in favor of the proposal, whether or not a quorum is present.

The Company Board recommends that you vote "FOR" the Adjournment Proposal.

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PROPOSAL 3

MERGER-RELATED NAMED EXECUTIVE OFFICER COMPENSATION PROPOSAL

Advisory Vote to Approve the Merger-Related Named Executive Officer Compensation Proposal

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "*Dodd-Frank Act*") and Rule 14a-21(c) of the Exchange Act, we are seeking non-binding, advisory stockholder approval of the Merger-Related Named Executive Officer Compensation Proposal, as disclosed in the section entitled "*The Merger Interests of Our Directors and Executive Officers in the Merger Quantification of Payments and Benefits to Our Named Executive Officers*" beginning on page 60 of this proxy statement. The proposal gives the stockholders the opportunity to express their views on the merger-related compensation of the named executive officers. Accordingly, we are requesting stockholders to approve the following resolution, on a non-binding, advisory basis:

"RESOLVED, that the stockholders of Newport Corporation approve, on a non-binding, advisory basis, certain compensation that will or may become payable to Newport's named executive officers in connection with the Merger, as disclosed pursuant to Item 402(t) of Regulation S-K in "*The Merger Interests of Our Directors and Executive Officers in the Merger Quantification of Payments and Benefits to Our Named Executive Officers*" beginning on page 60 of Newport's proxy statement for the special meeting."

Because your vote is advisory, it will not be binding upon Newport, the Company Board, the Company Board's compensation committee, or Parent. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the Merger is consummated, our named executive officers may become eligible to receive the various change-in-control payments in accordance with the terms and conditions applicable to those payments.

The vote on this non-binding Merger-Related Named Executive Officer Compensation Proposal is a vote separate and apart from the vote on the Merger Proposal and the Adjournment Proposal. Accordingly, you may vote "**FOR**" Merger Proposal and the Adjournment Proposal and vote "**AGAINST**" or "**ABSTAIN**" for this Merger-Related Named Executive Officer Compensation Proposal (and vice versa).

Vote Required and Board Recommendation

The Merger-Related Named Executive Officer Compensation Proposal will be approved if a majority of the shares of Company Common Stock, present in person or represented by proxy and entitled to vote at the special meeting, vote in favor of the proposal.

The Company Board recommends that you vote "FOR" the non-binding, advisory Merger-Related Named Executive Officer Compensation Proposal.

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DISSENTERS' RIGHTS

Under NRS Section 92A.390, when the merger consideration is cash, there is no right of dissent with respect to a plan of merger, conversion or exchange in favor of stockholders of any class or series that is a "covered security" under Section 18(b)(l)(A) or (B) of the Securities Act. The shares of Company Common Stock are covered securities because they are traded on NASDAQ. Because the Company Common Stock was listed on NASDAQ on the Record Date and the merger consideration is cash, holders of shares of Company Common Stock will not have dissenters' rights in connection with the Merger.

MARKET PRICE

Company Common Stock is traded on NASDAQ under the symbol "NEWP." As of the Record Date, there were 38,879,965 shares of Company Common Stock outstanding and entitled to vote, held by 731 stockholders of record based upon the records of our transfer agent, which do not include beneficial owners of Company Common Stock whose shares are held in the names of various brokers, banks and other nominees.

The table below shows, for the periods indicated, the range of high and low sales prices for Company Common Stock as quoted on NASDAQ.

	High	Low
Fiscal Year ended January 3, 2015:		
Quarter ended March 29, 2014	$ 21.80	$ 17.10
Quarter ended June 28, 2014	$ 21.51	$ 17.39
Quarter ended September 27, 2014	$ 19.39	$ 16.93
Quarter ended January 3, 2015	$ 19.65	$ 16.06
Fiscal Year ended January 2, 2016:		
Quarter ended April 4, 2015	$ 20.48	$ 17.54
Quarter ended July 4, 2015	$ 20.85	$ 18.14
Quarter ended October 3, 2015	$ 18.88	$ 13.23
Quarter ended January 2, 2016	$ 17.08	$ 13.40
Fiscal Year ending December 31, 2016:		
First Quarter (through March 24, 2016)	$ 23.04	$ 13.18

We did not declare any dividends on Company Common Stock during 2014 or 2015. In addition, pursuant to the Merger Agreement, the Company is prohibited from declaring any dividends following execution of the Merger Agreement with respect to any of its capital stock or other securities (except for any dividend or distribution by a subsidiary of the Company to the Company or to other subsidiaries).

On February 22, 2016, the last trading date prior to the public announcement of the proposed Merger, Company Common Stock closed at $15.04. On March 24, 2016, the most recent practicable date prior to the date of this proxy statement, the closing price per share of Company Common Stock on NASDAQ was $22.96.

Following the Merger, there will be no further market for Company Common Stock.

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COMMON STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth specified information with respect to the beneficial ownership of Company Common Stock as of March 18, 2016 by: (i) each person (or group of affiliated persons) who is known by us to beneficially own more than 5% of the outstanding shares of Company Common Stock; (ii) each of our named executive officers; (iii) each of our directors; and (iv) all of our executive officers and directors as a group.

	Amount and Nature of Shares Beneficially Owned[2]	
Name and Address of Beneficial Owners[1]	**Number**	**Percentage**
BlackRock, Inc. (and certain of its subsidiaries) 55 East 52nd Street New York, NY 10055[3]	4,327,299	11.1%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746[4]	3,085,964	7.9%
The Vanguard Group, Inc. (and certain of its subsidiaries) 100 Vanguard Blvd. Malvern, PA 19355[5]	2,828,969	7.3%
Goldman Sachs Asset Management, L.P. and GS Investment Strategies, LLC 200 West Street New York, NY 10282[6]	2,015,385	5.2%
Robert J. Phillippy[7]	482,410	1.2%
Charles F. Cargile[8]	195,475	*
Jeffrey B. Coyne[9]	165,101	*
David J. Allen[10]	128,324	*
Dennis L. Werth[11]	120,446	*
Kenneth F. Potashner	87,242	*
Oleg Khaykin[12]	53,899	*
Peter J. Simone[13]	48,512	*
Christopher Cox	33,933	*
Siddhartha C. Kadia	4,414	*
All executive officers and directors as a group (10 persons)[14]	1,319,756	3.3%

* Less than 1%

(1)

Unless otherwise indicated, the business address of each holder is c/o Newport Corporation, 1791 Deere Avenue, Irvine, California 92606.

(2) The beneficial ownership is calculated based on 38,879,965 shares of Company Common Stock outstanding as of March 18, 2016. Beneficial ownership is determined in accordance with SEC rules. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Company Common Stock subject to

Company SARs, Company RSUs and/or other rights held by that person that are exercisable and/or will be settled upon vesting within 60 days of March 18, 2016 are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage of each other person. To our knowledge, except pursuant to applicable community property laws or as otherwise indicated, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name, and none of such persons has pledged such shares as security for any obligation.

(3) The holder has sole voting power with respect to 4,239,624 shares of Company Common Stock and has sole dispositive power with respect to 4,327,299 shares of Company Common Stock. The beneficial ownership information reflected in the table is included in the Schedule 13G Amendment No. 6 filed by the holder with the SEC on January 8, 2016.

(4) The holder has sole voting power with respect to 2,955,244 shares of Company Common Stock and has sole dispositive power with respect to 3,085,964 shares of Company Common Stock. The holder furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-advisor to certain other commingled funds, group trusts and separate accounts. In certain cases, subsidiaries of the holder may act as advisor or sub-advisor to certain investment companies, trusts and accounts. In its role as investment advisor, sub-advisor and/or manager, the holder or its subsidiaries may possess voting and/or investment power over shares owned by such investment companies, trusts and accounts and may be deemed to be the beneficial owner of such shares. However, all such securities are owned by such investment companies, trusts and accounts, and the holder disclaims beneficial ownership of such securities. The beneficial ownership information reflected in the table is included in the Schedule 13G Amendment No. 10 filed by the holder with the Securities and Exchange Commission on February 9, 2016.

(5) The holder has sole voting power with respect to 61,616 shares of Company Common Stock, shared voting power with respect to 5,800 shares of Company Common Stock, sole dispositive power with respect to 2,763,553 shares of Company Common Stock, and shared dispositive power with respect to 65,416 shares of Company Common Stock. The beneficial ownership information reflected in the table is included in the Schedule 13G Amendment No. 4 filed by the holder with the SEC on February 11, 2016.

(6) The holders have shared voting power with respect to 1,902,707 shares of Company Common Stock and have shared dispositive power with respect to 2,015,385 shares of Company Common Stock. The holders disclaim beneficial ownership of the securities beneficially owned by (i) any client accounts with respect to which the holders or their employees have voting or investment discretion or both, or with respect to which there are limits on their voting or investment authority or both, and (ii) certain investment entities of which the holders act as the general partner, managing general partner or other partner, to the extent interests in such entities are held by persons other than the holders. The beneficial ownership information reflected in the table is included in the Schedule 13G Amendment No. 3 filed by the holders with the SEC on February 8, 2016.

(7) Includes Company SARs with respect to 173,960 shares of Company Common Stock that are exercisable within 60 days of March 18, 2016; 50,340 shares of Company Common Stock that are issuable within 60 days of March 18, 2016 upon the vesting of Company RSUs; and 51,714 shares of Company Common Stock held by Mr. Phillippy and his spouse as trustees of a family trust.

(8) Includes Company SARs with respect to 82,965 shares of Company Common Stock that are exercisable within 60 days of March 18, 2016; 23,050 shares of Company Common Stock that are issuable within 60 days of March 18, 2016 upon the vesting of Company

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RSUs; and 1,000 shares of Company Common Stock held by Mr. Cargile and his spouse as trustees of a family trust.

(9) Includes Company SARs with respect to 65,045 shares of Company Common Stock that are exercisable within 60 days of March 18, 2016; 16,620 shares of Company Common Stock that are issuable within 60 days of March 18, 2016 upon the vesting of Company RSUs; and 17,971 shares of Company Common Stock held by Mr. Coyne as trustee of a family trust.

(10) Includes Company SARs with respect to 56,400 shares of Company Common Stock that are exercisable within 60 days of March 18, 2016, and 14,410 shares of Company Common Stock that are issuable within 60 days of March 18, 2016 upon the vesting of Company RSUs.

(11) Includes Company SARs with respect to 56,400 shares of Company Common Stock that are exercisable within 60 days of March 18, 2016, and 14,410 shares of Company Common Stock that are issuable within 60 days of March 18, 2016 upon the vesting of Company RSUs.

(12) Includes 22,305 shares of Company Common Stock underlying Company RSUs that are held in the Company's Deferred Compensation Plan for the benefit of Mr. Khaykin.

(13) Includes 15,295 shares of Company Common Stock underlying Company RSUs that are held in the Company's Deferred Compensation Plan for the benefit of Mr. Simone.

(14) Includes Company SARs with respect to 434,770 shares of Company Common Stock that are exercisable within 60 days of March 18, 2016; 118,830 shares of Company Common Stock that are issuable within 60 days of March 18, 2016 upon the vesting of Company RSUs; and 37,600 shares of Company Common Stock underlying Company RSUs held in the Company's Deferred Compensation Plan.

STOCKHOLDER PROPOSALS

As of the date of this proxy statement, the Company Board knows of no matters that will be presented for consideration at the special meeting other than as described in this proxy statement.

If the Merger is consummated, we will not have public stockholders and there will be no public participation in any future stockholder meetings. We intend to hold the 2016 annual meeting of stockholders only if the Merger is not consummated.

Stockholders are entitled to present proposals for action and director nominations at the 2016 annual meeting of stockholders, if held, only if they comply with the applicable requirements of the proxy rules established by the SEC and the applicable provisions of our bylaws. Stockholders must submit such proposals and nominations to the Secretary of the Company, Newport Corporation at 1791 Deere Avenue, Irvine, California 92606 on or prior to the deadline for receiving such proposals and nominations. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement or form of proxy. Stockholders are also advised to review our bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

If the 2016 annual meeting of stockholders is held, in order for a stockholder proposal to be considered for presentation at the 2016 annual meeting of stockholders, and included in the proxy statement and form of proxy used in connection with such meeting, the proposal must have been received by us no later than December 10, 2015, and must have complied with the requirements of Rule 14a-8 under the Exchange Act and the provisions of our bylaws. No such proposal was received by us on or before such date.

If a stockholder wants to nominate a director or submit a proposal for consideration at the 2016 annual meeting of stockholders, outside the processes of Rule 14a-8 under the Exchange Act, the stockholder must comply with the requirements of our bylaws and we are not required to include such proposal or nomination in the proxy statement and form of proxy relating to such meeting. For business to be properly brought before any meeting by a stockholder, the stockholder must deliver timely written notice to the Corporate Secretary of the Company at the principal corporate offices of the Company. To be timely, the notice generally must be delivered (or if mailed, must be received) at least 75 days prior to the annual meeting of stockholders. However, in the event that less than 90 days' notice or prior public disclosure of the date of any annual meeting of stockholders is given or made to stockholders by the Company, notice by the stockholder is timely if it is delivered (or if mailed, is received) not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice to the Corporate Secretary shall set forth as to each matter the stockholder proposes to bring before any meeting of the stockholders (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the Company which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and therefore file annual, quarterly and current reports, proxy statements and other information with the SEC.

You may read and copy these reports, proxy statements and other information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website, located at www.sec.gov, that contains reports, proxy statements and other information regarding us and other registrants that file electronically with the SEC.

Statements contained in this proxy statement, or in any document incorporated by reference in this proxy statement, regarding the contents of any contract or other document, are not necessarily complete and each such statement is qualified in its entirety by reference to that contract or other document filed as an exhibit with the SEC. The SEC allows us to "incorporate by reference" into this proxy statement documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this proxy statement, and later information that we file with the SEC will update and supersede that information. We incorporate by reference the documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement and before the date of the special meeting:

- our Annual Report on Form 10-K for the fiscal year ended January 2, 2016, as amended on March 24, 2016;
- our Current Reports on Forms 8-K filed with the SEC on February 23, 2016; and
- the additional definitive proxy soliciting materials on Schedule 14A filed with the SEC on February 23, 2016, February 24, 2016, February 25, 2016, and March 2, 2016.

Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, including the related exhibits, is not incorporated by reference into this proxy statement. Any person, including any beneficial owner, to whom this proxy statement is delivered may request copies of proxy statements and any of the documents incorporated by reference in this document or other information concerning us, without charge, by written request to: Investor Relations,

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1791 Deere Avenue, Irvine, California 92606; or MacKenzie Partners, Inc., or from the SEC through the SEC website at the address provided above. Documents incorporated by reference are available without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents.

If you have questions about the special meeting or the Merger with Parent after reading this proxy statement, or if you would like additional copies of this proxy statement or the proxy card, please contact our proxy solicitor at:

Call Collect: (212) 929-5500
Toll Free: (800) 322-2885
Email to: proxy@mackenziepartners.com
Address: 105 Madison Avenue, New York, New York 10016

THIS PROXY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT TO VOTE YOUR SHARES AT THE SPECIAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS PROXY STATEMENT. THIS PROXY STATEMENT IS DATED MARCH 29, 2016. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS PROXY STATEMENT TO STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

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Annex A

AGREEMENT AND PLAN OF MERGER

among

MKS INSTRUMENTS, INC.,

PSI EQUIPMENT, INC.

and

NEWPORT CORPORATION

Dated as of February 22, 2016

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