

**Charter of the Nominating and Corporate Governance Committee
of the Board of Directors of
Credence Systems Corporation**

Purpose.

The purpose of the committee is to (1) identify and recommend the director nominees to be selected by the company's Board of directors for each annual meeting of stockholders, (2) implement the Board's criteria for selecting new directors, (3) develop or review and recommend to the Board a set of corporate governance policies applicable to the company, and (4) provide oversight for the annual evaluation of the performance of the Board of Directors.

Composition of the Committee.

At Least Two Members. There shall be at least two directors serving on the committee, with a chair appointed by the Board. The chair shall also be deemed the company's presiding independent director for purposes of calling meetings of the full Board without the presence of employee directors.

Independence. All committee members shall be independent as defined in the listing standards of the Nasdaq National Market in effect from time to time (referred to below as the "listing standards").

Affirmative Determination of Independence. The Board shall affirmatively determine at all times required by the listing standards that the members of the committee are independent. As more fully set forth in the listing standards, independent directors must not have any current or past relationships with the company which would interfere with their exercise of independent judgment or otherwise fail to meet the independence standard set forth in the listing standards.

Replacement of Nominating Committee Members. Subject to the requirements of the listing standards, the Board may appoint and remove committee members in accordance with the company's bylaws.

Committee Duties. The committee will:

- Board Composition and Structure: periodically review and make recommendations to the Board regarding the term of office for directors, the size of the Board, changes to the format or frequency of Board meetings and other matters for consideration by the Board.
- Qualifications of Directors: establish, review and make recommendations to the Board concerning the board's criteria for selecting directors in light of the board's composition, corporate governance policies, applicable listing standards and laws, and other factors considered appropriate by the Board. Periodically report to the full board regarding the committee's recommendations upon receipt of any tenders of resignation from Board members.
- Director Nominees: establish criteria for the membership of the Board, such as particular market or geographic experience, financial background and business experience, and coordinate recruitment of new directors, including without limitation (i) evaluating potential candidates for election as directors and for service on each Board committee, including inquiries into background and qualifications of candidates and (ii) recommending to the Board the names of qualified persons to be nominated for election or re-election as directors

and considering suggestions for Board membership submitted by shareholders. The committee will review the service of its members when a director is eligible to be re-nominated for Board membership, including an assessment of individual director performance, expertise and experience, number of other public company boards on which the individual serves, composition of the Board at that time, and other relevant factors.

- Committee Appointments: if and when requested periodically by the board, identify and recommend to the board the appointees to be selected by the Board for service on the audit, compensation, nominating and other key committees of the Board.
- Retention of Search Firm: have sole authority to retain and terminate any search firm used to identify director candidates and to approve the search firm's fees and other retention terms.
- CEO Consultation: actively consult with the company's chief executive officer as representative of the company's management prior to recommending to the Board the nomination of any incumbent or new director nominees for election at the annual meeting.
- Governance Policies: develop, or suggest changes in, corporate governance principles to be recommended to the Board and which are appropriate for the company in light of the listing standards and nature of the company's business, including the general statement of corporate governance principles, code of business conduct and ethics, and means of communicating these matters.
- Board Review: periodically assess the composition of the board in light of the skills and background of incumbent directors, changed circumstances, if any, affecting individual directors which may bear on future service as Board members, and the Board's plans and policies for succession planning for senior management, and otherwise provide oversight for an annual review of the performance of the full board.
- Annual Performance Review: evaluate its performance as the nominating committee on an annual basis.
- Stockholder Rights Plan: periodically review and make recommendations to the Board regarding the company's stockholders rights plan.

Meetings, Reports and Resources of the committee.

Meetings. The committee will meet not less than four times during each fiscal year. The committee may also hold special meetings or act by unanimous written consent as the committee may decide. Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the Board under the company's bylaws, unless otherwise stated in the bylaws or by resolution of the Board or the committee.

The committee, as it may determine to be appropriate, may meet in separate executive sessions with other directors, the chief executive officer and other company employees, agents or representatives invited by the committee.

Reports.

The committee will report to the Board at an appropriate time prior to preparation of the company's proxy statement for its annual meeting the committee's recommendations for director nominees at each annual meeting of stockholders.

The committee will also report to the Board annually the results of (1) an oversight review of the performance of the Board of directors, (2) the committee's assessment of the company's corporate governance policies and implementation, and (3) an annual review by the committee of its own performance.

The committee will also provide additional reports to the Board as the committee may determine to be appropriate in light of its purposes and functions.

Committee Access and Resources. The committee is at all times authorized to have direct, independent access to the company's other directors and management. The committee is authorized to communicate in confidence with any of these individuals.

Nothing in this charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the committee on reports or other information provided by others.