

Corporate Governance Principles of Cymer, Inc.

Last Amended: November 18, 2010

Governance Principles – The corporate governance principles that follow have been adopted and approved by the Board of Directors of Cymer, Inc. They summarize the policies under which Cymer’s Board of Directors and management team operate. These principles, the charters of the Board committees, Cymer’s articles of incorporation, bylaws, and codes of ethics and conduct and corporate governance, provide the foundation and framework for the governance of Cymer and are published in the corporate governance section of Cymer’s website at www.cymer.com. These guidelines are intended to aid the Board in the exercise of its responsibilities. Because corporate governance is both dynamic and organic, all key governance elements will be reviewed periodically and modified whenever appropriate.

1. Role of the Board and Management. Under the direction of the chief executive officer (CEO) and the oversight of the Board, Cymer’s employees, managers and officers conduct Cymer’s business with the ultimate goal of maximizing Cymer’s value for its stockholders. The stockholders elect the Board of Directors annually to oversee management and to ensure that the long-term interests of the stockholders are being served. Both the Board and management recognize that the stockholders’ long-term interest are advanced by responsibly addressing the concerns of other stakeholders who contribute to Cymer’s success, including employees, customers, suppliers, the communities in which Cymer does business, the government and the public.

2. Functions of the Board. The Board of Directors holds four regularly scheduled meetings each year at which it reviews and discusses management reports on Cymer’s performance, plans, prospects, and issues Cymer faces. Directors are expected to prepare for, attend and participate in all scheduled Board meetings, as well as meetings of all committees to which they belong. In addition to overseeing management, the Board either directly or through its committees performs a number of other specific functions, including:

- a. Selecting the CEO, and evaluating the CEO’s performance annually in light of the CEO’s established goals and objectives for the year, evaluating and approving the compensation of the CEO and overseeing CEO succession planning and selecting potential successors;
- b. Overseeing and counseling regarding the selection, evaluation, development and compensation of senior management, and overseeing succession planning for these officers;
- c. Reviewing, approving and overseeing fundamental financial and business strategies and major corporate actions;
- d. Reviewing and approving long-term strategic and business plans, overseeing the execution of such plans, and assessing their results;
- e. Nominating new directors for available Board positions, reviewing the structure, function and makeup of the Board and its committees, and overseeing effective corporate governance, and Cymer’s compliance with its codes of ethics and conduct and corporate governance;

- f. Assessing major risks Cymer faces, and reviewing options to mitigate them; and
- g. Ensuring effective processes are in place for maintaining Cymer's integrity, including the integrity and transparency of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

3. Qualifications for Directors. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. They should also be inquisitive and objective, and possess practical wisdom and mature judgment. The Board should represent diverse experience at policy-making levels in business, education and technology, and in areas that are relevant to Cymer's global activities.

Directors should be willing to devote sufficient time and effort to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. A director should offer his or her resignation in the event of any significant change in his or her personal circumstances, including a change in his or her principal job responsibilities.

Cymer directors who also serve as CEOs at other companies may serve on the boards of no more than three public companies, including Cymer, and their associated committees. Other directors who are not CEOs may serve on the boards of no more than four public companies, including Cymer, and their associated committees. Directors should advise the Chairman of the Board and the chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board.

Because of the significant investment in time and energy to become familiar with the intricacies of Cymer's businesses, the Board does not believe that arbitrary term limits on directors' service are appropriate, nor does it believe that directors should expect to be re-nominated annually. Additionally, the Board has determined that there should be no arbitrary age limit or mandatory retirement age for Board members. Each Board committee's performance review and assessment, and the Nominating and Corporate Governance Committee's review and assessment of the Board's performance will help determine each Board member's tenure.

4. Independence of Directors. A majority of the Board members must be "independent" directors. Of the nine current members of Cymer's Board, eight are independent directors. Robert Akins, Cymer's CEO and the Chairman of the Board, is the only Board member who is not independent.

Cymer defines an "independent" director in accordance with the Nasdaq Stock Market issuer requirements for independent directors (Nasdaq Rule 5605). Stated simply, an independent director is independent of management and free from any relationship with

Cymer or any of its subsidiaries that, in the Board's opinion, would interfere with the exercise of that director's independent judgment.

5. Size of Board and Selection Process. Cymer's stockholders elect the Board of Directors every year at the annual meeting of stockholders, which is generally held on the third Thursday of May. The Nominating and Corporate Governance Committee proposes to stockholders a slate of nominees for election as directors.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. The Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether the candidate was recommended by a stockholder or not. Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board may do so by delivering a written recommendation to the Nominating and Corporate Governance Committee, c/o the Secretary, at the following address: Cymer, Inc., 17075 Thornmint Court, San Diego, California 92127 at least 120 days prior to the anniversary date of the mailing of our proxy statement for the last annual meeting of stockholders. Submissions must include

- the full name of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years,
- a description of each event, if any, applicable to the proposed candidate that occurred during the previous ten years and constitutes one or more of the certain legal proceedings described in Item 401(f) of SEC Regulation S-K, which includes legal proceedings such as bankruptcy, criminal conviction and violation of federal or state securities laws, even if the proposed candidate or the stockholder making such submission believes such event was not material to an evaluation of the ability or integrity of the proposed candidate,
- a description of any facts or circumstances that would cause the proposed candidate not to qualify as an "independent director" within the meaning of Nasdaq Rule 5605(a)(2),
- complete biographical information for the proposed candidate,
- a description of the proposed nominee's specific experience, qualifications, attributes and skills that warrant such person's nomination for election as a director, and
- the name and address of each Cymer stockholder making the submission and the number of Cymer shares beneficially owned by such stockholder.

Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

Article 10 of Cymer's Bylaws currently authorizes nine members for the Board of Directors and authorizes the Board to change the number of directors from time to time. Between annual meetings of stockholders, the Board may elect directors to serve until the next annual meeting. The Board believes that the current size of the Board is appropriate and adequate to properly oversee Cymer's businesses, but will reassess this opinion regularly as Cymer's size and circumstances require.

6. Board Committees. The Board has established the following committees to assist the full Board in discharging its responsibilities: (a) Audit; (b) Compensation; (c) Nominating and Corporate Governance; and (d) Scientific Advisory Board. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee have written charters, which are published in the corporate governance section of Cymer's website at www.cymer.com, and will be mailed to stockholders on written request. Each of these committees meets at least four times a year, and the Audit Committee meets eight additional times to review each of Cymer's quarterly earnings press releases and quarterly SEC filings. The Scientific Advisory Board Committee, which provides a liaison between the Board of Directors and Cymer's Scientific Advisory Board, meets each time the Scientific Advisory Board holds a meeting. The committee chairs report the highlights of their meetings to the full Board of Directors.

The Nominating and Corporate Governance Committee established two requirements for the chair of each of Cymer's Board committees. These are: (1) an individual must have served on Cymer's Board of Directors for a minimum of one year to be eligible to serve as a committee chair, and (2) committee chairs will be rotated at least every five years. The Nominating and Corporate Governance Committee recommends the committee chairs to the Board for approval.

7. Independence of Committee Members. In addition to the requirement that a majority of the Board satisfy the independence standards detailed above, members of the Audit Committee must also satisfy SEC Rule 10A-3(b)(1). Under this rule, the members of the Audit Committee may not receive any compensation from Cymer, either directly or indirectly, other than their directors' compensation. As a matter of policy and best practice, the Board applies this same standard to members of the Compensation and Nominating and Corporate Governance Committees as well.

8. Meetings of Independent Directors. The independent members of the Board will meet at least once each quarter without any members of Cymer's management present. Certain of the independent Board members will rotate as chair of the Board of Directors executive session every two years. The responsibilities of the rotating chair of the executive session are to set the agenda for the executive session, preside over the executive session, and to convey any messages from the executive session to the CEO. All outside directors who have served on Cymer's Board for at least one year (other than active chief executive officers or the chair of Cymer's Audit Committee) are eligible to chair the executive session.

9. Review and Assessment of the Board and Committees. The Nominating and Corporate Governance Committee coordinates and conducts an annual self-evaluation of the Board during which the directors discuss their evaluations of the performance and effectiveness of the committees on which they serve as well as the performance and effectiveness of the full Board. Additionally, the Nominating and Corporate Governance

Committee evaluates the independence of each individual director, and discusses its evaluation with the full Board prior to the Board's determination of independence.

10. Setting Board Agenda. The Chairman of the Board establishes the agenda for each Board meeting. Directors are encouraged to make suggestions for agenda items or additional pre-meeting materials to the Chairman, the rotating chair of the executive session, or the appropriate committee chair, at any time. The Audit, Compensation, and Nominating and Corporate Governance Committees have each established annual agendas for their meetings.

Any information concerning Cymer's financial performance and projections, strategic plans, and prospects is important to the Board's understanding and decision-making process. Accordingly, appropriate written and statistical information relating to substantive agenda items and reports will be distributed in advance of each Board meeting.

11. Ethics and Conflicts of Interest. Cymer's Board of Directors expects all directors, officers and employees to act ethically at all times and to acknowledge their understanding of and adherence to all policies comprising Cymer's code of conduct and corporate governance. Additionally, Cymer's Chief Executive, Chief Financial, and Chief Accounting Officers are expected to adhere to a stringent code of ethics relating specifically to their positions at Cymer. If an actual or potential conflict of interest arises for a director, that director will promptly inform the Chairman of the Board and the rotating chair of the executive session. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The appropriate committee shall resolve any conflict of interest question involving any of Cymer's officers.

12. Reporting of Concerns to Independent Directors or the Audit Committee. If a Cymer employee suspects that something in Cymer's accounting, internal accounting controls, or auditing may be fraudulent, he or she may communicate that concern to his or her supervisor or manager, or it may be communicated anonymously via the Cymer Financial Compliance Hotline. Instructions on how to report any such concern are available to all Cymer employees via Cymer's intranet, and have been translated into other languages so non-English speakers in the countries in which Cymer does business can understand them. Additionally, toll free Hot Line phone numbers are available in each of these countries. The Hot Line is administered by an outside, independent company that specializes in handling such calls, so that employees can be assured their concerns will be handled anonymously, if they wish, and there can be no threat of retaliation. Once reported, these concerns will be sent to the Audit Committee and may be reviewed as well by designated members of Cymer's management team. Directors, officers and employees are prohibited from retaliating or taking any adverse action against an employee or other person who raises or helps to resolve any concern.

13. Compensation of Board. The Nominating and Corporate Governance Committee has the responsibility for recommending to the Board the compensation for independent directors. The Committee is guided by three goals: compensation should fairly pay directors for work required in a company of Cymer's size and scope; compensation should align directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand. To achieve these goals, a portion of each director's compensation is paid in cash, and a portion in stock options or other stock awards. At the end of each year, the Nominating and Corporate Governance Committee reviews independent director compensation and benefits and recommends modifications if appropriate.

14. Stock Ownership. In order to further align the economic interests of directors with those of stockholders, the Board has adopted a policy requiring that each director is required to hold not less than 2,500 shares of Cymer common stock no later than one year after the director's initial election to the Board. In addition, the Nominating and Corporate Governance Committee has adopted a policy requiring the following officers to hold not less than the number of shares of Cymer common stock specified below (including shares subject to vested RSU awards or stock options) within five years after such officer is first appointed:

Chief Executive Officer	15,000
Chief Operating Officer	10,000
Chief Financial Officer	10,000

15. Succession Plan. Cymer's succession planning efforts center on the long-term development of key executives and managers with the capability to fill top executive positions at the right time. The Board, under advisement of the Compensation and Nominating and Corporate Governance Committees, approves and encourages the maintenance of these management development efforts, and tracks the progress these key executives and managers are making.

16. Annual Compensation Review of Senior Management. The Compensation Committee annually reviews and approves the goals and objectives for compensating the CEO. The Committee evaluates the CEO's performance in light of these goals before setting the CEO's salary, bonus (if any) and other incentive and equity compensation. The Committee also annually approves the compensation structure for Cymer's officers, and evaluates the performance of Cymer's executive officers before approving their salary, bonus (if any) and other incentive and equity compensation.

17. Access to Senior Management. Directors have full and free access to Cymer's officers and employees in order to best assess Cymer's prospects and execution of its plans. Cymer encourages directors to conduct such meetings without corporate management present. Additionally, the Board encourages management to, from time to time, bring into Board meetings managers

- who can provide additional insight into the items being discussed because of personal involvement in those areas, and/or
- who have future potential that senior management believes should be given exposure to the Board.

18. Board Interaction with Other Parties. The Board believes that senior management speaks for Cymer. Individual Board members may be requested, from time to time, to meet or otherwise communicate with various constituencies that are involved with Cymer. It is expected, however, that Board members do this only with express prior consent of the Chairman of the Board, and upon the request of management.

19. Access to Independent Advisors. The Board and its committees have the right to retain independent outside financial, legal or other advisors at any time. Cymer will bear the expense of hiring such advisors.

20. Director Orientation and Education The Nominating and Corporate Governance Committee is responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. A new director will spend a day at corporate headquarters for personal briefings by senior management on Cymer's strategic plans, its financial statements and key policies and practices. Directors are expected to attend at least one continuing education program every three years and to report on such program to the Board following attendance. As deemed necessary and appropriate, Cymer will also provide directors with educational seminars or courses designed to enhance their abilities and performance as directors.

21. Stockholder Communications with the Board. Stockholders wishing to communicate with the Board may send a written communication addressed to the secretary of Cymer, Inc. at 17075 Thornmint Court, San Diego California 92127. Communications also may be sent by email to the following address: board@cymer.com. The secretary will screen communications for spam, junk mail, mass mailings, product complaints, product inquiries, new product suggestions, resumes, job inquiries, surveys, business solicitations and advertisements, as well as unduly hostile, threatening, illegal, unsuitable, frivolous, patently offensive or otherwise inappropriate material before forwarding to the board. The process regarding stockholder communications with the Board is posted on Cymer's website at www.cymer.com.