KULICKE AND SOFFA INDUSTRIES, INC.

Corporate Governance Guidelines

The business and affairs of Kulicke and Soffa Industries, Inc. (the "Company") are to be managed by its Board of Directors (the "Board"). The Company has adopted these Corporate Governance Guidelines to set forth the Board's policies and procedures for ensuring the proper corporate governance of the Company.

1. Director Qualifications

General. The Nominating and Governance Committee of the Board is responsible for reviewing with the Board the requisite skills, characteristics, and independence of all potential new directors as necessary, as well as the composition of the Board as a whole on an annual basis. This review shall include an assessment of each director's qualification as an independent director, as well as considerations of skills and experience in the context of the needs of the Board. The Nominating and Governance Committee will recommend nominees for director to the Board.

Terms; Retirement. While the Board of Directors does not have a policy of term limits, the Board reviews (through the Nominating and Governance Committee) each director's contributions to and continuation on, the Board every year when that director is to stand for reelection to the Board. The Board believes that, over a period of time, directors develop increasing insight into the Company and its operations, and that their resultant contributions to the Board and the Company add great value that could be lost through too-frequent turnover of the Board. This must be balanced with a diversity of age, experience and background and must reflect our Asian focus, American charter and listing, and global technology centers. However, the Board does have a retirement age for directors to ensure a planned refreshment of directors. All directors must retire by the end of the quarter in which their 75th birthday occurs, unless a waiver of the retirement age for the director is recommended by the Nominating and Governance Committee and approved by the Board.

Service on Other Boards; Change of Employment. No director may sit on the board of directors of more than five other public companies without the approval of the Board. In addition, no director serving on the Company's Audit Committee may serve on the audit committee of more than three other public companies without a determination by the Board that such simultaneous service would not impair the ability of the director to effectively serve as a member of the Company's Audit Committee. Each director shall inform the Chairman of the Board before accepting an appointment or nomination for election to any board of directors (other than not-for-profit organizations).

Each director shall promptly inform the Chairman of the Board of any change in employment and shall also deliver to them a letter of resignation from the Board in connection with such change in employment. The Board shall, in its discretion, accept or decline the letter of resignation in writing.

2. Director Responsibilities

General. The most fundamental responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company. In discharging this obligation, the directors must act in good faith and with due care and loyalty. The directors may rely on the honesty and integrity of the Company's executive officers and its outside advisors and auditors.

Board Meetings. The Board shall meet at least four times per year, but the directors are required to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities to the Company. Each director is expected to attend, either in person or telephonically, all properly called meetings of the Board and must make all reasonable efforts to do so. Directors are expected to participate in Board meetings, review relevant meeting materials in advance, serve on Board committees, and prepare for meetings and discussions with management.

Executive Sessions. The independent directors shall meet in executive session without any representatives of management present at least four times per year, typically immediately following regularly scheduled quarterly Board meetings. The non-executive Chairman of the Board shall preside at each executive session and serve as the primary liaison between the Board and the Chief Executive Officer. The Chairman of the Board shall also have the ability to call ad hoc meetings of the independent directors upon proper notice to the independent directors.

Directors' and Officers' Liability Insurance; Indemnification. The directors are entitled to have the Company provide them with indemnification agreements containing provisions that are customary for such agreements, and purchase directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's Articles of Incorporation (as amended or restated from time to time), and to exculpation as provided by law.

3. Board Leadership

Selection of the Chairman of the Board. Upon the recommendation of the Nominating and Corporate Governance Committee, the directors will periodically elect a non-executive Chairman of the Board from among the directors who shall serve at the pleasure of the Board. The Chairman shall preside at all meetings of the shareholders and directors, shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the Chief Executive Officer or to any other officer or officers of the Company, and shall perform such other duties as may from time to time be requested by the Board.

4. Board Committees

General. The Board must at all times have an Audit Committee. The Board also has a Management Development and Compensation Committee and a Nominating and Governance Committee, and may have such other committees as the Board may determine from time to time. Except as otherwise permitted by the applicable rules of NASDAQ, each member of the Audit Committee, Management Development and Compensation Committee, and Nominating and Governance Committee shall be "independent," as such term is defined in the applicable rules of NASDAQ, the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and the rules thereunder. The members of the Audit Committee shall meet the additional requirements of NASDAQ and Section 10A (m) of the Exchange Act. The members of the Management Development and Compensation Committee shall meet the additional requirements of NASDAQ and Section 10C (a) of the Exchange Act.

Advisors. The Board and each committee of the Board shall have the power to retain independent legal, accounting, financial and other advisors and consultants as it may deem necessary, at the expense of the Company and, in the case of committees, without obtaining the approval of the full Board or any officer of the Company in advance. Without limiting the generality of the foregoing, the Board must ensure that (i) the Audit Committee has appropriate funding, as determined by the Audit Committee, for payment of reasonable compensation to the independent auditor employed by the Audit Committee, on behalf of the Company, for the purpose of performing audit services, including the rendering or issuing of an audit report, as well as for any other advisors the Audit Committee employs in carrying out its duties, and (ii) the Management Development and Compensation Committee has appropriate funding, as determined by the Management Development and Compensation Committee, for payment of reasonable compensation to the compensation advisors retained by the Management Development and Compensation Committee.

Committee Chairman. The Nominating and Governance Committee shall review, periodically, the opportunity to rotate Chairmen and to rotate members of the Board committees and, as such, to recommend to the Board changes to the Chairmen and members of the Board committees.

5. Director Access to Management and Independent Advisors

Directors must have complete access to officers and employees of the Company and must use sound business judgment to ensure that the use of this access is not unreasonably distracting to the officers and employees or disruptive of the operations of the Company. Directors must also have access to the Company's independent advisors as appropriate to fulfill the legitimate business interests of the Company. Because directors must have accurate and complete information to fulfill their duties, they should be provided with, and review, information from a variety of sources, including management, Board committees, outside experts and auditors. The Board should be provided with information before Board and committee meetings with sufficient time to review and reflect on key issues and to request supplemental information as necessary.

6. Director Compensation

General. The form and amount of director compensation (including any additional compensation for committee service) is determined by the Board. The Company believes that its director compensation should not only be competitive, but should also be fair and reasonable in light of the directors' background and experience, as well as the overall time, effort, and complexity involved in carrying out their responsibilities with the Company. In determining the form and amount of consideration to be paid to the directors, the Board shall strive to ensure that director compensation does not exceed customary levels by critically evaluating the amount and form of consideration that the Company directly or indirectly pays to a director and to organizations with which a director is affiliated, so as not to jeopardize any director's independence.

Management Directors. Any director who is an officer of the Company shall not receive any additional compensation for his or her service as a director.

7. Director Orientation and Continuing Education

Orientation. Each new director shall meet with management and participate in any orientation programs established by the Board to familiarize the new director with the Company, its strategic plans and significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, these Corporate Governance Guidelines, and with the new director's duties and responsibilities as a member of the Board. In addition, each new director shall participate in a director governance course (such course to be approved by the chairman of the Nominating and Governance Committee) within one year of being appointed to the Board (either prior to appointment or after appointment). The Company shall reimburse the new director for any expenses incurred in connection with attending said course.

Continuing Education. Directors may attend continuing education courses related to their service to the Company as a member of the Board as they deem appropriate. All directors shall participate in a governance course (such course to be approved by the chairman of the Nominating and Governance Committee) during the term prior to standing for reelection. The Company shall reimburse its directors for any expenses incurred in connection with attending said required course or any other continuing education course approved by the chairman of Nominating and Governance Committee.

8. Management Selection and Performance Evaluation

Management Selection. The Board must select the Chief Executive Officer of the Company in a manner that it reasonably believes to be in the best interests of the Company. In selecting the Chief Executive Officer, the Board should consider any related report or recommendation of the Board's Management Development and Compensation Committee.

Management Performance. The Management Development and Compensation Committee shall conduct an annual review of the Chief Executive Officer's performance and consider and recommend the Chief Executive Officer's compensation to the Board for approval. The Board will review the recommendations to ensure that the Chief Executive Officer is providing the best leadership for the Company in the long- and short-term and will meet with the Chief Executive Officer to discuss any concerns that the Management Development and Compensation Committee has.

Succession Planning. The Board plans for the succession to the position of Chief Executive Officer, including planning for succession in the event of an emergency, unexpected departure or the retirement of the Chief Executive Officer.

9. Annual Performance Evaluation of the Board of Directors and Committees of the Board

Under the oversight of the Nominating and Governance Committee and led by the chairman of the Nominating and Governance Committee the Board should perform annually an evaluation of its own performance. In addition, each committee of the Board led by its respective chairman shall perform annually an evaluation of its own performance. To assist the Board or the committee in any such evaluation, the Board or the committee should solicit comments from the individual members of the Board and the committee, respectively. Any such evaluation conducted should assess whether the Board and its committees are functioning properly, focusing on the Board's or the committee's contributions to the Company and on areas in which the Board or the committee believes that the Board or the committee could improve.

10. Non-Employee Director Stock Ownership

In order to better align the interests of the Board and the Company's shareholders, the Board believes each director should hold a significant number of Company shares. The following stock ownership guidelines will apply:

> Each non-employee director should beneficially own common shares of the Company with an aggregate market value of at least 3x the annual Board retainer, with aggregate market value based on the closing stock price at the end of the first year in which the director met the ownership requirement (i.e. once met, the ownership requirement will not change based on stock price fluctuations).
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> Each non-employee director is expected to meet the stock ownership target within five years after such director becomes a director of the Company; prior to reaching the stock ownership requirement, the director will be required to retain at least 50% of his or her vested stock awards.
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> Shares that count toward satisfaction of the stock ownership guideline include shares owned directly by the director, shares owned jointly by the director and his or her spouse, shares held by the director's immediate family, and shares held in trust for the benefit of the director or a member of the director's immediate family. Options or other rights to acquire stock do not count toward satisfaction of the guideline.
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> Exceptions may be made by the Nominating and Governance Committee in cases of financial hardship.