

## **NOVA MEASURING INSTRUMENTS LTD.**

### **Nominating and Corporate Governance Committee Charter**

#### **I. General Statement of Purpose**

The Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Nova Measuring Instruments Ltd. (the "Company") is responsible for identifying individuals qualified to become board members, consistent with criteria approved by the Board, and recommending that the Board select the director nominees for election at the general meeting of shareholders. The Committee is also responsible for developing and recommending to the Board a set of corporate governance guidelines applicable to the Company, periodically reviewing such guidelines and recommending any changes thereto, and overseeing the evaluation of the Board and management.

#### **II. Committee Composition**

The number of individuals serving on the Committee shall be fixed by the Board from time to time but shall consist of no fewer than three members including at least one of the External Directors of the Company, each of whom shall satisfy the independence standards established pursuant to Rule 4200(a)(15) of the Marketplace Rules of the National Association of Securities Dealers, Inc.

The members of the Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from this committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Board shall designate one member of the Committee to serve as Chairman of the Committee. All indemnification, exculpation, expense reimbursement and advancement provisions and rights available to members of the Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Committee or any subcommittee thereof.

#### **III. Meetings**

The Committee is to meet not less than once per year in person or by teleconference (telephone or other communications equipment) by means of which all persons participating in the meeting can hear each other, with any additional meetings as deemed necessary or appropriate by the Committee. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Committee may act by unanimous written consent.

#### **IV. Committee Activities**

The Committee's purposes and responsibilities shall be to:

##### **A. Review of Charter**

- Review and reassess the adequacy of this Charter as necessary and submit any proposed changes to the Board for approval.

##### **B. Selection of New Directors**

- Recommend to the Board criteria for Board and committee membership, which shall include a description of any specific, minimum qualifications that the Committee believes must be met by a Committee-recommended nominee, and a description of any specific qualities or skills that the Committee believes are necessary for one or more of the Company's directors to possess, and annually reassess the adequacy of such criteria and submit any proposed changes to the Board for approval.
- Consider director candidates recommended by shareholders.
- Establish a process for identifying and evaluating nominees for the Board, including nominees recommended by shareholders.
- Upon identifying individuals qualified to become members of the Board, consistent with the minimum qualifications and other criteria approved by the Board from time to time, recommend the director nominees for election at each annual meeting of shareholders; provided that, if the Company is legally required by contract or otherwise to provide third parties with the ability to nominate individuals for election as a member of the Board (pursuant, for example, to the rights of holders of preferred stock to elect directors upon a dividend default or in accordance with shareholder agreements or management agreements), the selection and nomination of such director nominees shall be governed by such contract or other arrangement and shall not be the responsibility of the Committee.

##### **C. Code of Business Conduct and Ethics**

- Develop and recommend to the Board a set of Business Conduct and Ethics applicable to the Company.
- Review and reassess the adequacy of the Code of Business Conduct and Ethics as necessary and recommend any proposed changes to the Board for approval.

V. **General**

- In carrying out its responsibilities, the Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Committee may consult. The Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Committee or meet with any members of or advisors to the Committee. The Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities and shall have sole authority to approve any such advisor's fees and other retention terms.
- The Committee may perform such other functions as may be requested by the Board from time to time.

ADOPTED: February 19, 2007