

## Shareholder Letter and Videos

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**To Our Shareholders** 2009 was a very challenging year but one of significant accomplishment for Cymer. During the year, we made solid progress advancing our global light source leadership position and achieved several significant product and operational milestones that we believe well position the company for future growth and improved financial performance.

The global macroeconomic crises that we faced in the beginning of the year resulted in reduced worldwide consumer demand for electronics, causing chipmakers to curtail fab utilization and dramatically cut capital spending. We responded to the changing business environment by taking pre-emptive cost cutting actions in 2008 and early 2009, while at the same time strengthening our product portfolio by continuing our investment in DUV, EUV and TCZ technology leadership. We also expanded our Installed Base Products value by helping chipmakers increase productivity and lower the cost of their operations through our unique support product, OnPulse.

“2009 was a very challenging year but one of significant accomplishment for Cymer.”

2009 marked the introduction and installation of the industry's first field-selectable 60 to 90 watt immersion light source, the XLR 600ix, enabling flexibility of sub-45 nanometer device production and double patterning exposure. The rapid adoption of the 600ix by chipmakers demonstrates the continued recognition of Cymer's XLR platform as the light source of choice for immersion lithography and Cymer's installed base now comprises over 3,300 systems. We also made significant progress demonstrating the value of our OnPulse product, an industry leading comprehensive support solution, by adding additional light sources under coverage. We now have over 1200 light sources globally under OnPulse coverage.



**Robert P. Akins**  
Chairman & CEO



**Edward J. Brown, Jr.**  
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In June, we shipped our first Laser Produced Plasma Extreme Ultraviolet, ("LPP EUV"), prototype source to ASML, where it has been supporting the integration and testing of a next generation EUV lithography tool. We have several pilot units in assembly in our expanded capacity San Diego manufacturing facility and we plan to deliver these units to ASML throughout 2010. We are committed to successful EUV source development, commercialization, and adoption, and continue to make the necessary investments in support of the objectives of this enabling technology supporting sub-22 nanometer for future semiconductor requirements.

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TCZ, which manufactures a laser crystallization tool targeting the growing market for low-temperature poly-silicon ("LTPS") processing used in the manufacture of organic light emitting diode ("OLED") flat panel displays, shipped and installed its first crystallization tool at a large Korean display manufacturer in July of last year. TCZ is working with this display maker to demonstrate the systems' differentiated throughput and the superior uniformity of TCZ's laser crystallization technology. We believe that OLED flat panel display technology could become a sizeable market opportunity in the future as this exciting new display technology is adopted more widely in cell phones, laptops and televisions.

In the second half of the year, our quarterly revenue began to rise as chipmakers increased their fab utilization and began investing in immersion lithography for sub-45 nanometer device production and double patterning exposure. This growth in sales combined with our aggressive cost structure improvements and operational efficiencies enabled us to deliver a solid margin performance and net profit for the year. Our balance sheet was also strengthened during the year as we increased our overall cash and investment balance.



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Entering 2010, the industry outlook and Cymer's business opportunity is very encouraging. Increased demand for consumer electronic products such as personal computers, netbooks, smart phones, and solid state drives is fueling the need for advanced semiconductors, and with that, the demand for new manufacturing equipment. Chipmakers are making sub-42nm technology investments in advanced lithography tools and as a result our business is strengthening. But we view 2010 as a year of growth and investment for Cymer. From a growth perspective, chipmaker utilization is high, and investment in ArF immersion technology and KrF capacity purchases is increasing. From an investment perspective, we will continue to invest in our LPP EUV light source technology and commercialization and new DUV product requirements. We are also encouraged by the strong interest in our TCZ laser crystallization tool for the OLED display market, and we will continue to move forward with the commercialization of this exciting technology.

We are proud of the advances we have made in what has been a challenging year for the global economy and the semiconductor industry. We are especially proud of Cymer employees. Their dedication to the success of our customers and drive toward technological innovation have well positioned the company to take advantage of the improving business environment.

In closing, on behalf of the management team of Cymer, we wish to express our appreciation to our customers, shareholders, and suppliers for their continued support.

**CYMER.**



**Robert P. Akins**  
Chairman & CEO

A handwritten signature in black ink, appearing to read 'R. Akins'.



**Edward J. Brown, Jr.**  
President & COO

A handwritten signature in black ink, appearing to read 'E. Brown, Jr.'.