

July 17, 2007

STRASBAUGH

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the *“Board”*) of Strasbaugh has developed corporate governance practices to help it fulfill its responsibility to shareholders to oversee the work of management in the conduct of Strasbaugh’s business and to seek to serve the long-term interests of shareholders. The governance practices are memorialized in these guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate Strasbaugh’s business operations as needed and to make decisions that are independent of management. The charters of the committees of the Board and the other corporate governance codes of Strasbaugh shall take precedence and control these corporate governance guidelines to the extent that these guidelines conflict with the provisions of such charters and/or codes.

Director Qualification Standards

The Board believes 5 to 7 members is an appropriate size based on Strasbaugh’s present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.

Board members of a particular class are elected annually by Strasbaugh’s stockholders, except for Board action to fill vacancies. The Nominating Committee of the Board is responsible for recommending to the Board director candidates for nomination and election. The Nominating Committee annually reviews with the Board the applicable skills and characteristics required of Board nominees in the context of current Board composition and Strasbaugh circumstances. In making its recommendations to the Board, the Nominating Committee considers, among other things, the qualifications of individual director candidates in light of the criteria set forth in the Charter of the Nominating Committee of the Board.

In addition, Strasbaugh must have a majority of independent directors on its Board. No director shall qualify as independent unless the Board affirmatively determines that the director has no material relationship with Strasbaugh, either directly or as a partner, stockholder or officer of an organization that has a relationship with Strasbaugh. The following directors shall not qualify as independent directors:

(A) A director who is or has been within the last three years, an employee of Strasbaugh, or whose immediate family member is or has been within the last three years an executive officer of Strasbaugh. Employment as an interim Chairman or CEO or other executive officer shall not disqualify a director from being considered independent following that employment. The term “executive officer,” as used above and elsewhere below, shall have the same meaning as “officer” as set forth in Rule 16a-1(f) under the Securities Exchange Act of 1934.

(B) (i) A director or a director who has an immediate family member who is a current partner of a firm that is Strasbaugh’s internal or external auditor;

(ii) A director who is a current employee of such a firm;

(iii) A director who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or

(iv) A director or a director who has an immediate family member who was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the listed Strasbaugh's audit within that time.

(C) A director or a director who has an immediate family member who is, or in the past three years has been, part of an interlocking directorate in which an executive officer of Strasbaugh serves or served on the compensation committee of another company that concurrently employs or employed the director.

(D) A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the listed company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$200,000 or 5% of such other company's consolidated gross revenues, is not "independent" until three years after falling below such threshold. Contributions to tax exempt organizations shall not be considered "payments"; provided, however, that Strasbaugh shall disclose in its annual proxy statement, or if Strasbaugh does not file an annual proxy statement, in Strasbaugh's annual report on Form 10-K filed with the SEC, any such contributions made by Strasbaugh to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from Strasbaugh to the organization exceeded the greater of \$200,000 or 5% of such tax exempt organization's consolidated gross revenues. At any time, however, when Strasbaugh has a class of securities that is listed on and meets the requirements of a similar rule of the New York Stock Exchange or the National Association of Securities Dealers (for NASDAQ markets), the issuer shall not be required to separately meet the requirements set forth above.

(E) A director who received, or whose immediate family member is an executive officer who received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from Strasbaugh, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test.

The term "immediate family member" includes a person's spouse, parents, children, siblings, mothers-in-law and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than employees) who shares such person's home.

Strasbaugh will ensure that the Board have a majority of independent members within 12 months of the date Strasbaugh's registration statement is declared effective by the SEC, the Effective Date. If at any subsequent time the Board fails to have a majority of independent directors due to one vacancy, or one director ceases to be independent due to circumstances beyond Strasbaugh's reasonable control, the Board must regain a majority of independent directors by its next annual shareholders meeting or one year from the occurrence of the event that caused the non-compliance, whichever is earlier. However, if the annual shareholders meeting occurs no later than 180 days following the event that caused the non-compliance, Strasbaugh will instead have 180 days from such event to regain compliance.

Director Responsibilities

The Board's oversight function can and should be exercised through the election and appointment of competent officers. The Board nevertheless remains responsible for oversight and thus has an obligation to keep informed in order to assist management in formulating and developing plans; it also sets necessary criteria and serves as a body to review and advise management on the operations of Strasbaugh. These duties should be discharged by the full Board, the Board's committees, or the independent members of the Board, as appropriate in the circumstance.

Specifically, the Board, as a body or through its committees or members, should

- Select, and set compensation for, the Chief Executive Officer; approve the selection and compensation of senior management; evaluate the performances of the CEO and senior management; periodically review plans for management succession; and assess the soundness of the organizational structure;
- Encourage the long-term success of Strasbaugh by exercising sound and independent business judgment with respect to significant strategic and operational issues, including major capital expenditures, diversifications, acquisitions, divestitures and new ventures;
- Safeguard the corporate assets by periodically reviewing the financial affairs and policies of Strasbaugh and overseeing Strasbaugh's financial reporting process and internal controls;
- Oversee Strasbaugh's risk assessment process and ensure that Strasbaugh has appropriate procedures in place to manage risks and handle crises;
- Ensure Strasbaugh's compliance with applicable laws and regulations;
- Be sensitive to the public and political environment, taking into account the responsibility of Strasbaugh to its stockholders, employees, customers, and society;
- At least annually, evaluate the effectiveness of the Board as a body and its various committees;

- Determine the structure, composition, and responsibilities of the committees of the Board;
- Remain knowledgeable about Strasbaugh affairs and developments through regular attendance at Board and Board committee meetings and review of meeting materials in advance of those meetings;
- Remain knowledgeable about shareholder views and concerns through direct communications from shareholders and attendance at annual shareholder meetings;
- Meet no less frequently than once each year in executive session to allow full and candid discussion among Board members on matters of importance to Strasbaugh; and
- Become exposed to a variety of perspectives on matters of importance to Strasbaugh through access to members of senior management and consultation with independent advisors.

Director Access

The Board should have access to Strasbaugh management and other employees in order to ensure that directors can ask all questions and glean all information necessary to fulfill their duties. The Board may specify a protocol for making such inquiries. Management is encouraged to invite Strasbaugh personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.

The Board and its committees have the right at any time to retain independent outside auditors and financial, legal or other advisors, and Strasbaugh will provide appropriate funding, as determined by the Board or any committee, to compensate those independent outside auditors or advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

Director Compensation

Generally, the Board believes that the level of director compensation should be based on time spent carrying out Board and Committee responsibilities and be competitive with comparable companies. In addition, the Board believes that a significant portion of director compensation should align director interests with the long-term interests of stockholders. Strasbaugh management should report to the Board on an annual basis how Strasbaugh's director compensation practices compare with those of other large public corporations. The Board should make changes in its director compensation practices only upon the recommendation of the Nominating Committee, and following discussion and unanimous concurrence by the Board.

Director Orientation and Continuing Education

The Chairman of the Nominating Committee and management shall be responsible for new-director orientation programs and for director continuing education programs to assist

directors in maintaining skills necessary or appropriate for the performance of their responsibilities. Orientation programs will be designed to familiarize new directors with Strasbaugh's businesses, strategies and policies and to assist new directors in developing the skills and knowledge required for their service. Continuing education programs for Board members may include a combination of internally-developed materials and presentations, programs presented by third parties at Strasbaugh, and financial and administrative support for attendance at qualifying university or other independent programs.

Management Succession

The Chairman of the Board, if the chairman is a non-management director, or otherwise the Chairman of the Nominating Committee, shall lead the independent directors in conducting a review at least annually of the performance of the CEO and shall communicate the results of the review to the CEO. The independent directors shall establish the evaluation process and determine the specific criteria on which the performance of the CEO is evaluated.

As part of the annual officer evaluation process, the Nominating Committee shall work with the CEO to plan for CEO succession, as well as to develop plans for interim succession for the CEO in the event of an unexpected occurrence. Succession planning may be reviewed more frequently by the Board as it deems necessary or appropriate.

Annual Performance and Evaluation of the Board

The Nominating Committee is responsible for conducting an annual evaluation of the performance of the Board and shall report its conclusions to the Board. The Nominating Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as identification of areas in which the Board could improve its performance.

Review of Corporate Governance Guidelines

The practices memorialized in these corporate governance guidelines have been developed over a period of years. The Board expects to review these corporate governance guidelines at least every two years as appropriate.