

**Audit Committee Charter  
of the Audit Committee of the Board of Directors of  
Ultratech, Inc.**

**Amended as of February 2, 2004  
(Originally adopted as of January 28, 2003)**

**1. Purpose.**

The primary purposes of the committee are to oversee on behalf of the company's board of directors: (1) the integrity of the company's financial statements, (2) the appointment, compensation, qualifications, independence and performance of the company's independent auditors, (3) the company's compliance with legal and regulatory requirements, and (4) the performance of the company's internal audit and controls function. The committee's function is one of oversight only and shall not relieve the responsibilities of the company's management for preparing financial statements which accurately and fairly present the company's financial results and condition, or the responsibilities of the independent auditors relating to the audit or review of financial statements.

**2. Composition.**

(a) At Least Three Members. The committee shall consist of at least three directors, one of whom shall be the chairperson. The board shall designate a committee member as the chairperson of the committee.

(b) Independence. All committee members shall be independent as defined in the Nasdaq listing standards, as the same may be amended from time to time (the "listing standards"). No committee member shall be an affiliated person of the company or receive compensation other than in his or her capacity as a member of the audit committee, the board of directors or other board committee, as defined in applicable SEC rules.

(c) Financial Literacy. Each member of the audit committee shall be financially literate upon appointment to the committee, as such qualification is interpreted by the company's board of directors in its business judgment pursuant to the listing standards. At least one member of the committee shall be a "financial expert" as defined in applicable SEC rules.

(d) Appointment. Subject to the requirements of the listing standards, the board may appoint and remove committee members in accordance with the company's bylaws. Committee members shall serve for such terms as may be fixed by the board, or at the will of the board if no specific term is fixed. The board may fill vacancies on the committee by a majority vote of the authorized number of directors, but may remove committee members only with the approval of a majority of the independent directors then serving on the full board.

**3. Selection and Review of Independent Auditors and Their Services.**

(a) Overall Authority. Pursuant to applicable SEC rules and the listing standards, the audit committee in its capacity as a committee of the board of directors of the company shall be directly responsible for the appointment, compensation and oversight of the work of the independent auditors engaged by the company for purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the audit committee. The audit

committee's authority includes, without limitation, resolution of disagreements between management and the auditors regarding financial reporting.

(b) Terms of Audit and Non-Audit Engagements. The committee shall have sole authority to, and must, pre-approve all audit, review and attest services and permissible non-audit services from the independent auditors, and related fees and other terms of engagement of the independent auditors. The committee may confer with company management on these matters but may not delegate this responsibility to management. All approvals of non-audit services on behalf of the audit committee shall be promptly reported to an appropriate officer of the company so that these approvals may be timely disclosed as required by SEC rules.

(c) Delegated Pre-approval Authority. To the extent permitted by applicable SEC rules, the committee is authorized from time to time to delegate to one or more of its members, or to establish reasonably detailed pre-approval policies and procedures pursuant to which management, shall have the authority to engage permissible services from the independent auditors other than audit, review and attest services, provided that all such decisions to engage any permissible non-audit service shall be reported to the full committee at its next scheduled meeting.

(d) Prohibited Non-Audit Services. The audit committee shall not engage the independent auditors for non-audit services that would impair the independence of the auditors as described in Section 210.2-01(c)(4) of SEC Regulation S-X.

(e) Annual Quality Control Review. The committee shall obtain and review annually a report by the independent auditors describing the firm's internal quality-control procedures; and any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm or by any inquiry or investigation by governmental or professional authorities, within the preceding 5 years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues. In addition, the committee's annual review of the independent auditors shall also include: (i) review and evaluation of the lead partner of the independent auditors for the company's account, and (ii) evaluation of such other matters as the committee may consider relevant to the engagement of the auditors, including views of company management and internal finance employees, and whether the lead partner or auditing firm itself should be rotated, and other staffing matters incident to the review and audit of the company's financial statements.

(f) Independent Auditors' Conflicts and Partner Rotation. The audit committee shall not engage an accounting firm as the company's independent auditors if (i) the company has employed members of the audit engagement team of the accounting firm in a financial reporting oversight role at the company within one year prior to the commencement of procedures for the current audit engagement within the meaning set forth in Section 210.2-01(c)(2)(iii) of SEC Regulation S-X, or (ii) an audit engagement team partner, principal or shareholder performs audit, review or attest services for that issuer or any significant subsidiaries as a partner, principal or shareholder in each of the five previous fiscal years of the company or any significant subsidiaries and continues to serve as a partner, principal or shareholder on the audit engagement team, within the meaning set forth in Section 210.2-01(c)(6) of SEC Regulation S-X.

(g) Policy on Hiring Employees of the Auditor. The committee shall from time to time establish hiring policies that will govern the company's hiring of employees or former employees of the independent auditors, and report these policies to the board.

#### **4. Annual Financial Reporting.**

In connection with the audit of each fiscal year's financial statements, the committee shall:

(a) Discuss Financial Statements with Management. review and discuss the audited financial statements, related accounting and auditing principles and practices, and internal controls assessment with appropriate members of the company's management.

(b) Critical Accounting Policy Report. timely request and receive from the independent auditors the report required in connection with the annual audit pursuant to applicable SEC rules concerning (1) all critical accounting policies and practices to be used; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the company, including: (i) ramifications of the use of such alternative disclosures and treatments; and (ii) the treatment preferred by the independent auditors; (3) other material written communications between the independent auditors and the management of the company, such as any management letter or schedule of unadjusted differences.

(c) SAS 61 Review. discuss with the independent auditors the audited financial statements and the matters required to be discussed by Statement on Auditing Standards No. 61, including such matters as (1) the quality as well as acceptability of the accounting principles applied in the financial statements, (2) new or changed accounting policies, and significant estimates, judgments, uncertainties or unusual transactions, (3) the selection, application and effects of critical accounting policies and estimates applied by the company, (4) issues raised by any "management" or "internal control" letter from the auditors, difficulties encountered in the audit, disagreements with management, or other significant aspects of the audit, and (5) all material arrangements, contingent and other obligations, off-balance sheet transactions, and relationships with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition or results of the company and are required to be reported under SEC rules.

(d) Review of MD&A. review with appropriate management and auditor representatives the company's intended disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the company's annual report on Form 10-K.

(e) Obtain ISB No. 1 Disclosure. receive from the independent auditors a written disclosure and statement of all relationships between the auditors and the company consistent with Independence Standards Board Standard No. 1.

(f) Dialogue with Auditors on Independence. actively discuss with the auditors any disclosed relationships or services that may impact the objectivity or independence of the auditors.

(g) Review of Audit and Non-Audit Fees. obtain from the independent auditors a statement of the audit fees and other categories of fees billed for the last fiscal year which are required to be disclosed in the company's proxy statement for its annual meeting under the SEC's proxy rules, and consider whether the provision of any non-audit services is compatible with maintaining the auditors' independence.

(h) Recommend Filing of Audited Financial Statements. recommend whether or not the audited financial statements should be included in the company's Annual Report on Form 10-K for filing with the SEC.

## **5. Quarterly Financial Reporting.**

The committee's quarterly review shall normally include:

(a) Quarterly Review. a review of the quarterly financial statements of the company and the results of the independent auditors' review of these financial statements.

(b) Discussion of Significant Matters with Management. management's analysis of significant matters which relate to (1) the selection, application and effects of critical accounting policies and estimates applied by the company, (2) accounting changes, judgments or extraordinary items relating to the financial statements, (3) the status of any new, proposed or alternative accounting or financial reporting requirements or methods, and (4) all material arrangements, contingent and other obligations, off-balance sheet transactions, and relationships with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition or results of the company and are required to be reported under SEC rules.

(c) MD&A. the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the company's quarterly report on Form 10-Q.

## **6. Other Functions.**

(a) Annual Review of this Charter. The committee shall review and reassess the adequacy of this charter annually, and recommend any proposed changes to the board.

(b) Annual Review of Performance. The committee shall evaluate its performance as the audit committee on an annual basis.

(c) Disclosure and Internal Controls. The committee shall periodically review with management the company's disclosure controls and procedures and internal controls for financial reporting purposes as defined in applicable SEC rules.

(d) Risk Assessment. The Committee shall periodically review management's assessment of the company's exposure to risk and steps management has taken to monitor and control this exposure.

(e) Conduct Codes. The Committee shall periodically review the status and implementation of a code of ethics as defined in applicable SEC rules for the company's chief executive officer and senior financial officers, and a business conduct and ethics code applicable to all company employees as required by the listing standards.

(f) Complaints and Anonymous Submissions. The committee shall establish and maintain procedures for (A) the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, and auditing matters, and (B) the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters.

(g) Related Party Approvals. As required by the listing standards, the Audit Committee shall establish and communicate to the board of directors and the company's management policies to the effect that the company shall not enter into related party transactions unless the transactions are first reviewed and approved by the audit committee.

(h) Other Reviews. The committee, as the committee may consider appropriate, may consider and review with the full board of directors, company management, internal or outside legal counsel, or the independent auditors any other topics relating to the purpose of the committee which may come to the committee's attention, including:

(i) Earnings Press Releases. press releases announcing earnings, which may be undertaken by the committee or the chairperson of the committee, and need not include advance review of each release of financial information or guidance.

(ii) Officer Certification. certifications from the company's chief executive officer and chief financial officer which must accompany or be filed with the company's periodic reports, including any report concerning internal controls required to be made by the signing officers and any significant internal control deficiencies or other matters which are required to be reported to the committee in connection with the certifications.

(iii) Reports of Financial Issues. published reports, regulatory or accounting initiatives, or communications from employees, government agencies or others, which raise significant issues concerning company financial statements or accounting policies.

(iv) National Office Issues. any issues concerning the company which the independent auditors have discussed with their national or supervisory office, or accounting adjustments noted or proposed by the auditors but not implemented.

(v) Other Financial Guidance. financial information and earnings guidance provided to the analysts and the public, and to rating agencies.

(vi) Compliance Issues. pending or threatened litigation that has the potential to have a material adverse effect on the company; reports concerning significant subsidiary or foreign operations; or alleged violations of law or corporate conduct codes, including without limitation any reports to the committee from legal counsel engaged by the company concerning any material violation of securities law or breach of fiduciary duty or similar violation by the company or its agents.

(i) Other Functions. The committee may perform any other activities consistent with this charter, the bylaws and applicable listing standards and laws as the committee or the board of directors considers appropriate.

## **7. Meetings, Reports and Resources of the Committee.**

(a) Meetings. The committee shall meet at least quarterly. The committee may also hold special meetings or act by unanimous written consent as the committee may decide. The committee may meet in separate executive sessions with the chief financial officer, controller or principal accounting officer, internal audit personnel, and representatives of the independent auditors, and may meet with other company employees, agents or representatives invited by the committee.

(b) Procedures. The committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this charter, the bylaws or the listing standards. The chairperson or majority of the committee members may call meetings of the committee. A majority of the authorized number of committee members shall constitute a quorum for the transaction of committee business, and the vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee, unless in either case a greater number is required by this charter, the bylaws or the listing standards. The committee shall keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the corporate records.

(c) Reports. The committee shall timely prepare the audit committee report required to be included in the company's annual meeting proxy statement, and report to the board on the other matters relating to the committee or its purposes, as required by the listing standards or SEC rules. The committee shall also report to the board annually the overall results of (1) the annual review of the independent auditors and their independence, and (2) the annual review by the committee of its own performance. The committee shall also report to the board on the major items covered by the committee at each committee meeting, and provide additional reports to the board as the committee may determine to be appropriate.

(d) Committee Access and Resources. The committee is at all times authorized to have direct, independent and confidential access to the independent auditors and to the company's other directors, management and personnel to carry out the committee's purposes. The committee is authorized to conduct investigations, and to retain, at the expense of the company, independent legal, accounting, or other professional consultants selected by the committee, for any matters relating to the purposes of the committee. The company shall provide for adequate funding, as determined by the audit committee, for payment of compensation to the independent auditors for their audit and review reports, and to advisers engaged by the audit committee.

(e) Reliance on Others. Nothing in this charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the committee on reports or other information provided by others.