

**HUTCHINSON TECHNOLOGY INCORPORATED  
AUDIT COMMITTEE CHARTER**

**Adopted: November 19, 2003**

**Preamble**

There shall be an Audit Committee of the Board of Directors (the “Board”) of Hutchinson Technology Incorporated, a Minnesota corporation (the “Company”). The Committee’s purpose shall be one of oversight of the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements.

**Organization and Composition**

The Committee shall consist of at least three directors appointed by the Company’s Board. Each director appointed to the Committee shall:

- a) be qualified as an “independent director” within the meaning of Rule 4200 of the NASD Manual, meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, and shall have no relationship with the Company which, in the opinion of the Board, would interfere with the exercise of independent judgment;
- b) be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement; and
- c) be “independent” as defined by other applicable laws, regulations and listing requirements.

At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the director’s financial sophistication.

**The Company’s Financial Reporting and Related Responsibilities**

The Board of the Company recognizes that the preparation and reporting of the Company’s financial statements and other financial information is the responsibility of the Company’s management. It also recognizes that the auditing and rendering an opinion on, and the conducting independent limited reviews of, the Company’s periodic financial statements and other financial information, and the auditing activities incident thereto, are the responsibility of the Company’s outside auditors.

Since the Company’s management and its outside auditors, in the exercise of their responsibilities, acquire greater and more detailed information about the Company and its financial affairs than, and have other expertise beyond that of, the Committee members, the Committee’s function is one of oversight. The Committee is not responsible for any assurances, verifications or expert opinion respecting either the Company’s financial statements and other financial information, or the work of the Company’s outside auditors (including such auditors’ annual audit or limited reviews of the Company’s financial statements or other financial information).

The Board of the Company also recognizes that the Company's outside auditors are ultimately accountable to the Board and the Committee, which have the authority and responsibility to select, evaluate and where appropriate replace the outside auditors, and, if applicable, to nominate the outside auditors for shareholder approval in any proxy statement.

The Company will provide appropriate funding, as determined by the Committee, for the payment of (i) compensation to any outside auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### **Committee Functions**

In carrying out its oversight function, the Committee:

- a) is directly responsible for the appointment, compensation, retention and oversight of the work of any outside auditors engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such outside auditor must report directly to the Committee;
- b) shall review and reassess annually the adequacy of the Audit Committee Charter;
- c) shall require that the Company's outside auditors provide the Committee with a formal written statement delineating all relationships between the outside auditors and the Company, consistent with Independence Standards Board Standard No. 1 ("ISBS No. 1"), and actively discuss with the outside auditors their independence, and any disclosed relationships or services which may impact their objectivity or independence;
- d) recommend to the Board guidelines for the Company's hiring of employees of the independent auditors who were engaged on the Company's account;
- e) shall review the terms of proposed engagements of the outside auditors relating to services to the Company in connection with any formal investigation of possible fraud, financial statement misstatements or material weaknesses in internal controls, prior to such engagements;
- f) approve the retention of the independent auditors for any non-auditor service;
- g) shall consider whether the provision of services by the outside auditors (other than those services rendered in respect of the audit or review of the Company's annual or quarterly financial statements) is compatible with maintaining the outside auditor's independence, prior to engagement for such services;
- h) shall take, or recommend that the full Board take, appropriate action to oversee independence of the outside auditors, and shall have the authority to remove and replace, and where applicable nominate to the shareholders the outside auditors;
- i) evaluate together with the Board the performance of the independent auditors and whether it is appropriate to adopt a policy of rotating independent auditors on a

regular basis and, if so determined by the Committee, recommend that the Board replace the independent auditors;

- j) assure regular rotation, as may be specified by applicable laws, regulations and listing requirements, of the lead audit partner and the reviewing audit partner of the Company's independent auditor;
- k) shall prepare and sign annually a Committee Report, based upon the review and discussions of the Company's audited financial statements that are to be included in the Company's Form 10-K with the outside auditors and management, as to whether the Committee recommends to the Board that such audited financial statements be included in the Company's Form 10-K for filing with the Securities and Exchange Commission. The Committee, in connection with such a Report, shall:
  - review and discuss the audited financial statements with management;
  - review and discuss with the outside auditors the items required by Statement on Auditing Standards No. 61; and
  - receive the written disclosures and letter from the outside auditors as required by ISBS No. 1;
- l) shall, in connection with the Company's interim financial reporting, be available to meet and confer with management and/or the Company's outside auditors in respect to any report required to be made by such outside auditors to the audit committee in accordance with Statement on Auditing Standards No. 71 or in accordance with the terms of such outside auditors' engagement;
- m) review with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet arrangements (if any) on the Company's financial statements;
- n) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- o) receive information from the Company's management about any significant deficiencies and material weaknesses in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
- p) shall from time to time assure its ability to meet with the Company's outside auditors and internal auditor outside the presence of other management personnel of the Company;
- q) is entitled to rely on information, opinions, reports or statements prepared or presented by one or more officers of the Company whom the Committee reasonably believes to be reliable and competent in the matters presented, or by

the Company's outside auditors or other experts as to matters the Committee reasonably believes are within such auditor's or other expert's professional or expert competence;

- r) is entitled to rely on information provided by the Company's management and the outside auditors with respect to the nature of services provided by the outside auditor and the fees paid for such services;
- s) may retain at Company expense independent counsel, auditors or other advisors and experts of its choosing; and
- t) may conduct at Company expense any investigation deemed appropriate, with full access to all Company books, records, facilities, personnel and outside advisors.

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