

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

**Adopted as of February 2, 2004
(and amending the Charter approved on January 28, 2003)**

Purpose.

The purposes of the committee include (1) discharge the board's responsibilities relating to compensation of the company's executives and directors, and (2) prepare the annual report on executive compensation for inclusion in the proxy statement for each annual meeting of stockholders.

Composition of the Committee.

At Least Two Members. There shall be at least two directors serving on the committee, with a chairperson appointed by the board.

Independence. All committee members shall be independent as defined in the listing standards of the Nasdaq National Market as the same may be amended from time to time (referred to below as the "listing standards"). In addition, all committee members shall qualify as "non-employee directors" within the meaning of SEC Rule 16b-3, and as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Replacement of Compensation Committee Members. Subject to the requirements of the listing standards, the board may appoint and remove committee members in accordance with the company's bylaws.

Committee Functions. The committee will:

- Executive Officer Compensation: review and approve the corporate goals and objectives relevant to the compensation of the company's chief executive officer and other executive officers, evaluate the officers' performance in light of those goals and objectives, and determine the officers' compensation level based on this evaluation, including in any determination of long-term incentive compensation the company's performance and relative stockholder return, value of incentive awards to executive officers at comparable companies, and the awards given the company's officers in past years. For purposes of this paragraph, executive officers are those officers who are subject to Section 16 of the Securities Exchange Act of 1934. The compensation of the company's chief executive officer shall be determined by the committee meeting in executive session (i.e., without the chief executive officer present). The compensation of the executive officers of the company, other than the chief executive officer, shall be determined by the committee. The chief executive officer may be present during deliberations with respect to the compensation of such other executive officers, but may not vote thereon.
- Officer Contracts: review and approve all employment agreements, separation and severance agreements, and other compensatory contracts, arrangements, perquisites and payments for the executive officers.

- Succession Planning: review and assist the board in developing succession plans for the executive officers, in consultation with the CEO, other board members and other appropriate management personnel.
- Director Compensation: review and recommend to the board appropriate director compensation programs for service as directors, committee chairs, and committee members, consistent with any applicable requirements of the listing standards for independent directors.
- Compensation Policies and Performance Review: develop and periodically assess the committee's policies applicable to the company's executive officers and directors, including the relationship of corporate performance to executive compensation.
- Compensation Plan Awards: approve stock option grants and other equity-based or incentive awards under the company's stock and incentive compensation plans, including any performance criteria relating to the plans or awards, and otherwise assist the board in administering awards under these plans.
- Evaluate Stock and Incentive Plans: periodically assess and make recommendations to the board concerning the company's stock and incentive compensation plans including the impact of stock compensation plans on shareholder value and the impact of dilution from company stock plans.
- Employee Benefit Plans: oversee and review periodically the operation of all of the company's employee benefit plans, including (without limitation) the Section 401(k) Plan, the Section 125 cafeteria benefit plan, any profit-sharing program, and any pension or other deferred compensation plans. Regular administration shall be performed by management.
- Retention of Compensation Consultant: have sole authority to retain and terminate any compensation consulting firm used to evaluate director, CEO or executive officer compensation, and to approve the firm's fees and other retention terms.
- Committee Report in Proxy Statement: timely prepare and approve a report of the committee for inclusion in the company's proxy statement for each annual meeting of stockholders, including a discussion of the committee's compensation policies applicable to executive officers and the specific relationship of corporate performance to executive compensation, the factors, criteria and other basis for the CEO's compensation reported for the last completed fiscal year, and a specific discussion of the relationship of the quantitative and qualitative aspects of the company's performance to the CEO's compensation for the last completed fiscal year.
- Annual Performance Review: evaluate its performance as the compensation committee and this charter on an annual basis.

Meetings, Reports and Resources of the committee.

Meetings. The committee will meet at least once per year. The committee shall meet as early as the last quarter of the prior fiscal year, to (1) approve appropriate executive officer and director compensation and any related performance goals for the fiscal year, (2) prepare the committee report concerning compensation in the prior fiscal year for inclusion in the annual meeting proxy statement, and (3) evaluate the committee's own performance in the prior fiscal year.

The committee may also hold special meetings or act by unanimous written consent as the committee may decide, for purposes of approving awards under stock or incentive plans, or other purposes of the committee.

Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the board under the company's bylaws, unless otherwise stated in the bylaws or by resolution of the board or the committee.

The committee, as it may determine to be appropriate, may meet in separate executive sessions with other directors, the chief executive officer and other company employees, agents or representatives invited by the committee.

Reports.

The committee will report to the board at an appropriate time prior to preparation of the company's proxy statement for its annual meeting concerning executive officer compensation matters and provide the report of the compensation committee which must be included in the proxy statement.

The committee will also report to the board annually the results of an annual review by the committee of its own performance.

The committee will 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.

Committee Access and Resources. The committee is at all times authorized to have direct, independent and confidential access to the company's other directors, management and personnel to carry out the committee's purposes. The committee is authorized to obtain at the company's expense compensation surveys, reports on the design and implementation of compensation programs for the company's directors, officers and employees, and other data and documentation as the committee considers appropriate. The committee is authorized to retain at the company's expense compensation consultants, independent counsel or other advisers selected by the committee for matters related to the committee's purposes.

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.
