

## **HUTCHINSON TECHNOLOGY INCORPORATED PRINCIPLES OF CORPORATE GOVERNANCE\***

The following states the current policy of the Board of Directors (the “Board”) of Hutchinson Technology Incorporated (the “Company”) with regard to principles of corporate governance. The Board has focused on corporate governance for a considerable period of time. These principles are intended to document the processes and procedures used by the Board to assure effective governance of the Company and to provide a tool to assist the directors in satisfying their responsibilities as Board and Committee Members.

### **Composition of the Board**

“Independent director” means a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Company’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons will not be considered independent:

- (A) a director who is or has been employed by the Company or any of its affiliates during the last three years;
- (B) a director who accepts any consulting, advisory or other compensatory fee from the Company or any of its affiliates, other than (i) such compensation about which, after full disclosure, the Board concludes is in the best interests of the Company, but in no event in excess of \$120,000 during the current or any previous fiscal year, and (ii) such compensation for board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- (C) a director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the Company or any of its affiliates as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home;
- (D) a director who is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any for-profit business organization to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the Company's or business organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years;
- (E) a director who is, or has an immediate family member who is, employed as an executive of another entity where any of the Company's executives serve on that entity's compensation committee; and
- (F) a director who is, or has an immediate family member who is, a partner of the Company’s outside auditor or was a partner of employee of the Company’s outside auditor who worked on the Company’s audit at any time during the past three years.

All others are referred to as “inside” directors. A majority of the directors of the Company must be independent directors. In addition to these criteria, three or more directors should meet the standards of independence required for service on the Audit and Compensation Committees of the Board under applicable law, regulations and the requirements of The Nasdaq Stock Market.

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\* Current Principles adopted June 6, 2012.

### **Complement of the Board**

The Board shall include not less than three nor more than twelve directors, as provided in Section 2.01 of the Restated By-Laws of the Company (the “By-Laws”).

### **Selection of Director Nominees**

The Board, upon the recommendation of the Governance and Nominating Committee of the Board, shall consider and recommend director nominees for election to the Board.

### **Term of Office of Directors**

As provided in Section 2.02 of the By-laws, at each regular meeting the shareholders shall elect qualified successors for directors whose terms have expired or are due to expire within six months after the date of the meeting. Each director shall be elected to hold office for one year and until a successor is elected and has qualified or until the earlier death, resignation, removal or disqualification of the director.

Vacancies on the Board and newly created directorships will be filled by the directors, subject to the provisions of Section 2.03 of the By-laws.

### **Offices of the Chairman of the Board and the Chief Executive Officer**

The Board has considered whether the position of the Chairman of the Board and the position of the Chief Executive Officer (the “CEO”) should be separate and, if they are to be separate, whether the Chairman of the Board should be selected from the independent directors. Following such consideration, the Board has determined not to establish a firm policy concerning these issues and intends to preserve the freedom to decide what is in the best interest of the Company at any point of time.

### **Office of Lead Director**

If the Chairman of the Board is not the CEO and is an independent director, there shall be no Lead Director. If the Chairman of the Board is the CEO or is not an independent director, the independent directors shall select a Lead Director from among themselves. The Lead Director shall assume such duties as the independent directors may determine from time to time.

### **Orientation and Continuing Education of Directors**

Each new director will participate in an orientation program, which will include briefings by senior management that address the Company’s strategic plans and significant operations, accounting, financial and risk management issues. Directors are encouraged to be informed on subjects that would assist them in discharging their duties as directors. The Company will provide all directors with continuing education opportunities that will assist them in discharging these duties. The Governance Committee shall provide oversight of the Company’s director education practices.

### **Change of Status of Directors**

Any independent director whose affiliation or position of principal employment changes materially after election to the Board shall promptly offer his or her resignation as a director for consideration by the Board. Any inside director shall promptly offer his or her resignation as a director for consideration by the Board upon termination of his or her active service as an employee of the Company. The Board in its sole discretion shall determine whether to accept or reject any such offer of resignation from an independent director or inside director.

### **Information Furnished to Directors**

#### **A. Board Meetings**

The Secretary of the Company (the “Secretary”) or another designated officer will be responsible for notifying or causing notice to be given to the directors of all regular and special Board or Board

Committee meetings. Prior to a regular Board meeting, an agenda for the meeting and other relevant materials will be sent to each director. Such materials shall be treated confidentially by the directors. Directors may request that additional subjects be placed on the agenda.

Meeting materials may be presented in reasonable summary form. However, any director desiring additional data, reports or further detailed information shall have the right to obtain whatever is reasonably available. Such requests should be made to the CEO or to the Chief Financial Officer (the “CFO”) of the Company.

The Secretary of the Company will send copies of all Board minutes to all directors for review and comment, and will send copies of all Board Committee meeting minutes to the members of the Committees for review and comment. Board Committee chairs will regularly report to the Board relative to the actions of their Committees. Copies of any Board Committee meeting minutes are available to non-Committee Board members upon request to the Secretary.

**B. Other Information**

In order to facilitate the decision-making process of the Board, the officers of the Company shall distribute to each member of the Board, on a prompt and timely basis, the following information, in addition to materials described above:

- (1) Monthly financial statements for each fiscal period, including statements of operations, statements of cash flows and balance sheet, financial and operational indicators, and monthly summary of stock activity;
- (2) Annual corporate operating budgets, and any capital budgets, and all material revisions;
- (3) Summary of any government regulatory or criminal inquiries or proceedings or significant litigation concerning the Company, if any;
- (4) Copies of all press releases as issued;
- (5) A copy of each Form 10-K Annual Report, Form 10-Q Quarterly Report and Form 8-K Current Report as filed with the Securities and Exchange Commission, and proxy materials and annual and quarterly reports to shareholders when issued;
- (6) Such other information as the Board or officers shall deem appropriate to inform the Board about Company matters; and
- (7) Such other information as a Board member may request from time to time.

**Contacts Among Directors and With Officers of the Company**

There are no restrictions, whatsoever, on contacts or discussions with other directors of the Company. A director may contact any officer of the Company for any information that the director may require, provided that any such contacts and discussions with officers of the Company should be carefully handled by the directors to avoid any appearance of directing or interfering with normal day-to-day operations of the business.

**General Communication Policy**

Shareholders of the Company may communicate with any member of the Board (a “Board Member”) in writing by mail addressed to the headquarters of the Company to the attention of the Board generally or a specific Board Member by name or title. All communications will be submitted to the Board or the specified Board Member on a periodic basis.

### **Responsibilities of a Director**

A director is expected to conscientiously attend Board and Board Committee meetings and to participate in such discussions and questioning as the director deems appropriate. A director is expected to be available, on a reasonable basis, for consultation with officers of the Company.

### **Policy Regarding Board Attendance at Shareholders' Meetings**

The Board encourages each of its members to attend all annual meetings of shareholders of the Company that occur during such member's service on the Board.

### **Public Company Board Memberships**

Directors should not serve on the board of directors of more than five other public companies, in addition to the Board, and the Chief Executive Officer of the Company should not serve on the board of directors of more than two other public companies, in addition to the Board. Members of the Board's Audit Committee should not serve on audit committees of more than two other public companies, in addition to the Board's Audit Committee.

### **Compensation of Independent Directors**

As provided in Section 2.16 of the By-Laws, the Board may fix the compensation, if any, of directors, as recommended by the Compensation Committee of the Board. Board compensation shall be approved by the Board annually at the regular meeting of the Board, which convenes following the Annual Meeting of Shareholders in January of each year. Board compensation may be adjusted at any time.

Independent directors will be reimbursed for transportation, meals, lodging and other reasonable expenses incurred for attendance at meetings of the Board and Board Committees, and also for attendance at functions where they are representing the Company at the request of the Chairman of the Board or the CEO.

### **Conflict of Interest**

#### **A. General**

The Company intends to avoid possible conflict of interest actions or situations between the Company and any of its directors. It will be the responsibility of each director nominee to review with the CEO of the Company prior to election or appointment any relationships of the director with the Company or its competitors, suppliers, customers or service suppliers.

Each director will be required to furnish annually to the Secretary a completed conflict of interest questionnaire, as part of the annual Directors' and Officers' Questionnaire sent to each director and officer of the Company in connection with the preparation of the Company's Proxy Statement and Annual Report on Form 10-K.

A director shall abstain from voting on any contract or other transaction (other than resolutions related to director compensation) in which the director or any of the director's spouse, parents, children, spouses of children, brothers, sisters, spouses of brothers or sisters or brothers or sisters of spouses ("related persons") has a material financial interest (or an organization in which the director is a director, officer or legal representative or in which the director or any related person of the director has a material financial interest). For this purpose, the ownership by a director and all of his or her related persons of less than 1% in the aggregate of the equity interest in any publicly-held organization shall not constitute a material financial interest.

## B. Stock Ownership

To more closely align their interests with those of shareholders generally, directors are encouraged to own stock of the Company. The Compensation Committee of the Board shall review and recommend to the Board stock ownership guidelines for employees and independent directors.

Directors are expected to avoid involvement in any transactions with respect to the stock or other securities of the Company when they possess information regarding the Company which could be construed as confidential inside information, and in all events are expected to fully comply with the Company's policies regarding buying or selling stock or other securities of the Company. Additionally, directors are expected to avoid any discussions with outsiders that could be construed as recommendations or tips relative to such outsider's acquisition or disposition of stock or other securities of the Company.

## **Functions of the Board**

Subject to specific resolutions adopted by the Board from time to time, the Board will handle the following functions:

- (1) Evaluate and elect executive officers of the Company annually and approve employment agreements (and any amendments thereto), if any, with executive officers of the Company;
- (2) Appoint Board Committees, as required, and regularly review the actions, responsibilities and any charters of each Committee;
- (3) Fill vacancies on the Board and newly created directorships which may occur between Annual Meetings of Shareholders of the Company;
- (4) Establish dividend policy and declare dividends, if any, on common stock;
- (5) Approve the sale or issuance of the Company's debentures or notes payable, except that designated officers are authorized to act for and on behalf of the Company without separate Board approval in any and all matters involving borrowings or credit in which the authorization to approve such borrowings or credit are delegated to such officers by resolution of the Board;
- (6) Approve the issuance of the Company's stock in private placements or public offerings;
- (7) Review significant litigation brought against the Company or instituted by the Company, or any government regulatory or criminal inquiries or proceedings;
- (8) Assess risks facing the Company and regularly review the implementation and effectiveness of the Company's risk management controls and asset protection plans;
- (9) Review corporate strategic, capital and operating plans;
- (10) Review and approve all capital expenditures not otherwise authorized by delegations to executive officers in annual resolutions of the Board;
- (11) Approve (a) corporate bonus or cash incentive plans, any stock option, stock-based or stock purchase plans; (b) any new pension, retirement, profit sharing, savings, deferred compensation or other similar plans of the Company and its subsidiaries; and (c) any changes in the pension, retirement, profit sharing, savings, deferred compensation or other similar plans of the Company and its subsidiaries;
- (12) Approve all cash and stock-based (including retirement benefits) compensation for independent directors;

- (13) Review and approve all changes to the Company's Investment Goals and Guidelines. The Board must approve any proposed investments that do not conform with the approved Investment Goals and Guidelines;
- (14) Regularly review the operating and financial performance of the Company;
- (15) Approve all changes in capitalization of the Company and all subsidiaries of the Company;
- (16) Review regularly succession plans for the CEO and senior management, including the Company's plans for senior management development; and
- (17) Other activities as periodically determined by the Board.

### **Frequency of Board Meetings**

The Board will schedule regular meetings each year and approve this schedule annually at the regular meeting of the Board, which convenes following the Annual Meeting of Shareholders in January of each year. The Board shall review from time to time the appropriate number of regular meetings.

Special meetings of the Board (including telephone conference meetings authorized under Section 2.11 of the By-Laws) may be called as provided in Section 2.07 of the By-Laws.

Appropriate officers who are not directors of the Company may be invited by the CEO or the Chairman of the Board to attend Board meetings. The CFO of the Company generally attends all regular meetings of the Board.

The Board will have the opportunity to meet in executive session (without inside directors or the Company's officers) at each regular meeting of the Board.

### **Policy Regarding Financial, Accounting and Audit Matters**

The Audit Committee of the Board adopted a Policy Regarding Financial, Accounting and Audit Matters in the form attached as Appendix 1.

### **Code of Conduct**

The Board, upon the recommendation of the Governance and Nominating Committee of the Board, adopted a Code of Conduct in the form attached as Appendix 2 (the "Code of Conduct").

### **Code of Ethics for Senior Financial Management**

The Board, upon recommendation of the Governance and Nominating Committee of the Board, adopted the Code of Conduct as the Company's Code of Ethics for Senior Financial Management.

### **Board Committees**

The Board has the following Committees:

- Compensation Committee
- Audit Committee
- Governance and Nominating Committee
- Competitive Excellence Committee

As provided in Section 2.14 of the By-Laws, a resolution approved by the affirmative vote of a majority of the Board may establish committees having the authority of the Board in the management of the business of the Company only to the extent provided in the resolution. Committees shall be subject at all times to the direction and control of the Board, except for committees of one or more independent directors or persons as described below, or as otherwise provided by law. A committee shall consist of one or more natural persons, who need not be directors, appointed by affirmative vote of a majority of the

directors present at a duly held Board meeting. Each committee member shall be elected to the committee and serve for one year and until a successor is elected and has qualified or until the earlier death, resignation, removal or disqualification of the committee member.

As provided in Section 2.15 of the By-Laws, pursuant to the procedure set forth in Section 2.14 of the By-Laws, the Board may establish a committee composed of one or more independent directors or other independent persons to determine whether it is in the best interests of the Company to consider legal rights or remedies of the Company and whether those rights and remedies should be pursued. The committee, once established, is not subject to the direction or control of, or (unless required by law) termination by, the Board. To the extent permitted by law, a vacancy on the committee may be filled by a majority vote of the remaining committee members. The good faith determinations of the committee are binding upon the Company and its directors, officers and shareholders to the extent permitted by law. The committee terminates when it issues a written report of its determinations to the Board.

#### **Compensation Committee**

The Board, upon recommendation of the Compensation Committee of the Board, adopted a Compensation Committee Charter in the form attached as Appendix 3.

#### **Audit Committee**

The Board, upon recommendation of the Audit Committee of the Board, adopted an Audit Committee Charter in the form attached as Appendix 4.

#### **Governance and Nominating Committee**

The Board, upon recommendation of the Governance and Nominating Committee of the Board, adopted a Governance and Nominating Committee Charter in the form attached as Appendix 5.

#### **Competitive Excellence Committee**

The Board, upon recommendation of the Competitive Excellence Committee of the Board, adopted a Competitive Excellence Charter in the form attached as Appendix 6.

#### **Interpretations, Modifications**

The Board affirms this policy statement and will interpret and apply the policies set forth herein, review the policies periodically and modify them in its sole discretion from time to time.

**APPENDIX 1**  
**to Principles of Corporate Governance**

**Policy Regarding Financial, Accounting and Audit Matters**

The Company is committed to fair, accurate and transparent accounting of financial matters of the Company and expects all employees, officers, directors and agents to act in accordance with high ethical standards in the performance of their responsibilities for the Company. The Company requires full compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices and prohibits violations of applicable securities or other laws relating to fraud against shareholders. The Company relies on all employees, officers, directors and agents of the Company to conduct themselves in accordance with the requirements and spirit of this policy and to report any suspected violations of this policy or other questionable financial, accounting or audit matters without fear of retaliation, in accordance with the Company's Complaint Procedures Regarding Financial, Accounting and Audit Matters.

**HUTCHINSON TECHNOLOGY INCORPORATED**  
**CODE OF ETHICS AND CONDUCT**

**(This Code of Conduct also serves as the Company's  
Code of Ethics for Senior Financial Management)**

**Effective: July 29, 2011**

Hutchinson Technology Incorporated (the "Company") has adopted this Code of Ethics and Conduct ("Code") to promote honest and ethical conduct and to deter wrongdoing. This Code applies to all directors, officers and employees of the Company. The Company maintains a database of "HTI Corporate Policies" and, in addition to understanding this Code, you are expected to understand and follow all HTI Corporate Policies applicable to your job. The HTI Corporate Policies often refer to more detailed Specifications, Company Common Documents, Company Forms, the Company Employee Handbook or other documents (together, the "Ancillary Documents"), and you also are expected to understand and follow Ancillary Documents applicable to your job. The obligations of this Code supplement, but do not replace, any of the provisions of the HTI Corporate Policies, the Ancillary Documents or any other policies of the Company applicable to directors, officers and employees of the Company.

Obligations Under the Code

All directors, officers and employees of the Company will:

- act honestly and ethically in the performance of their duties at the Company;
- ethically handle conflicts of interest between personal and professional relationships;
- provide full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;
- comply with laws, rules and regulations of federal, state and local governments and other private and public regulatory agencies that affect the conduct of the Company's business and the Company's financial reporting;
- act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing their independent judgment to be subordinated;
- respect the confidentiality of information acquired in the course of work, except when authorized or legally obligated to disclose such information;
- promote ethical behavior as a responsible partner among peers and colleagues in the Company;
- achieve responsible use of and control over all assets and resources of the Company entrusted to them; and
- promptly bring to the attention of the Chair of the Audit Committee of the Board of Directors of the Company or the Company's Director of Internal Audit any information concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, misappropriation or other irregularities, whether or not material.

### **Actions Constituting Fraud**

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. The terms fraud, misappropriation and other irregularities refer, but are not limited, to:

- Any dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies or other assets;
- Impropriety in the handling of money, financial reporting, disclosures or internal controls;
- Profiteering as a result of insider knowledge of Company activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the Company;
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Company (Exception: Gifts less than \$50 in value);
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment; and/or
- Any similar or related irregularity.

If there is any question as to whether an action constitutes fraud, contact the Director of Internal Audit for guidance.

### **Reporting Violations and Enforcement**

All directors, officers and employees of the Company must understand and comply with this Code. In addition, each member of the management team is expected to be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Violation of this Code will not be tolerated and will result in discipline for employees and other appropriate consequences for non-employees.

Any person who knows or believes that any director, officer or employee of the Company has engaged or is engaging in Company-related conduct that violates this Code should report such information to an appropriate contact person listed below under the heading “Contact List” in this Code and *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected violation of this Code. The reporting person should not:

- contact the suspected individual in an effort to determine facts or demand restitution, nor
- discuss the case, facts, suspicions or allegations with *anyone* unless specifically asked to do so by a person on the “Contact List” in this Code or external legal counsel.

You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any person who reports such conduct in good faith, whether or not such information is ultimately proven to be correct, or who cooperates in any investigation or inquiry regarding such conduct. Confidentiality regarding those who make compliance reports and those potentially involved is maintained to the extent possible during a compliance investigation.

### **Investigation Responsibilities**

Each report of a suspected violation of this Code will be treated seriously and investigated diligently by the Company. Depending on the nature of a suspected violation, and the parties involved, the investigation will be conducted by management, the Board of Directors of the Company (the “Board”) (or a Committee of the Board) or outside professionals hired specifically for the investigation. In order to facilitate a complete investigation of a suspected violation, a reporting person should be prepared to provide as many details as possible, including a description of the questionable practice or behavior, the names of any persons involved, the names of possible witnesses, dates, times, places and any other available details.

Based on its investigation, the Company will take prompt and appropriate corrective action in response to the concern, if necessary, to ensure compliance with legal and ethical requirements. The Company may commence legal proceedings, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending person and any financial detriment sustained by the Company. In appropriate circumstances, violations of this Code will be reported to the applicable authorities.

### **Termination**

Violation of this Code may result in disciplinary action, up to and including termination of employment, removal from the Board or other appropriate consequences for non-employees. Any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including termination of employment.

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by a designated representative from Human Resources and, if necessary, by external legal counsel, before any such action is taken.

### **Compliance Procedures**

Directors, officers and employees must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since not every situation that will arise can be anticipated, it is important to keep the following in mind when a question or issue arises:

- Make sure you have all the facts. In order to reach the right solutions, the Company must be as fully informed as possible.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor’s responsibility to help solve problems.
- Seek help from Company resources. If you feel that it may not be appropriate to discuss an issue with your supervisor, or if you do not feel comfortable approaching your supervisor with your question, discuss it with the appropriate person listed below under the heading “Contact List” in this Code.

## APPENDIX 2 to Principles of Corporate Governance

- Ask yourself questions. If you are in doubt about a business conduct situation, ask yourself the following questions:
  - Is it legal?
  - Does it violate this Code?
  - Is it consistent with the Company's values?
  - Does it have the appearance of impropriety?
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Always ask first, act later. If you are unsure of whether something that you plan to do, or have been asked to do, may violate this Code, seek guidance before you act.

### Contact List

- Any contact person listed below who receives a report of an alleged violation of this Code by an executive officer of the Company must promptly contact the Company's Ethics & Compliance Line, at 1-877-231-0854, and report the alleged violation.
- If you are a Director or an Executive Officer, contact any of the following:
  - Chairman of the Board
  - Chair of the Governance and Nominating Committee
  - Chief Executive Officer
  - Chief Financial Officer
  - the Company's Ethics & Compliance Line, at 1-877-231-0854
- All other employees may contact any of the following:
  - your immediate Supervisor
  - the Vice President for your functional area
  - Vice President, or (if none) most senior director, Human Resources
  - Chief Financial Officer
  - Chair of the Governance and Nominating Committee
  - the Company's Ethics & Compliance Line, at 1-877-231-0854
- For conduct relating to financial reports or data:
  - If the conduct you wish to report relates to the Company's financial reporting or disclosures, the design or operation of internal controls for financial data, or fraud in connection with financial reporting or data, contact any of the following:
    - Chair of the Audit Committee
    - Director of Internal Audit
    - the Company's Ethics & Compliance Line, at 1-877-231-0854
- This contact list is subject to change from time to time. Any change to this contact list shall not be deemed an amendment to this Code.

**Amendments, Waivers or Modifications of the Code**

This Code may be amended, waived or modified only by the Board. Any amendment to, or waiver or modification of, a provision of this Code that applies to a director or other executive officer will be publicly disclosed as required by applicable law, regulation or rule of The Nasdaq Stock Market.

**HUTCHINSON TECHNOLOGY INCORPORATED**  
**COMPENSATION COMMITTEE CHARTER**

**Approved: March 28, 2012**

Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Hutchinson Technology Incorporated (the “Company”) shall carry out the responsibilities delegated to it by the Board with respect to all forms of compensation of the Company’s outside directors and executive officers, including benefits provided solely to outside directors and/or executive officers, and oversight of the Company’s compensation plans, and shall review annually, and prepare a report on, a discussion and analysis of executive compensation to be included in the Company’s annual proxy statement.

Membership

The Committee shall consist of at least two directors appointed by, and serving at the discretion of, the Board. Each director appointed to the Committee shall:

- a) be qualified as an “independent director” within the meaning of the rules of The Nasdaq Stock Market, 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 a “Non-employee Director” as that term is defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended; and
- c) satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

Each Committee member shall be appointed by the Board annually, and a Committee chair shall be elected by the Committee subsequently.

Responsibilities

The Committee’s primary responsibilities shall be as follows:

1. Review and approve a program regarding all forms of compensation for executive officers, including benefits provided solely to executive officers or mandatory recoupment policies, that are consistent with the Committee’s compensation philosophy, as stated in the discussion and analysis of executive compensation contained in the Company’s annual proxy statement, or as otherwise required under federal securities laws.
2. Review and recommend to the Board for inclusion in the Company’s annual proxy statement any Company proposal for shareholder advisory votes on executive compensation in accordance with federal securities laws.
3. Review and discuss with management, determine whether to recommend to the Board inclusion (or incorporation by reference) in the Company’s Annual Report on Form 10-K or proxy statement, and prepare a Committee report on the Compensation Discussion and

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**to Principles of Corporate Governance**

- Analysis regarding executive compensation, in accordance with applicable rules and regulations.
4. Review and approve processes for carrying out executive officer evaluation and compensation review.
  5. Evaluate the performance of the Chief Executive Officer (the “CEO”) in light of corporate goals and objectives, and based on this evaluation, recommend to all outside directors of the Board for approval the CEO’s compensation.
  6. Receive an annual report from the CEO of his performance assessment and compensation review decisions for executive officers. Recommend to the Board for approval executive officer compensation decisions.
  7. Make recommendations to the Board for approval with respect to management incentive compensation plan designs, plan goals and payouts. Review and make recommendations to the Board for shareholder approval any such plan that requires Section 162(m) qualification.
  8. Review all new and amended equity-based compensation plans and make recommendations to the Board for shareholder approval.
  9. Make recommendations to the Board for approval with respect to equity-based plan designs. Oversee the administration of all equity-based plans and approve specific awards to executive officers under those plans.
  10. Review material design changes in the Company’s 401(k) plan and make recommendations to the Board for approval.
  11. Review and recommend to all outside directors of the Board for approval the compensation for the Chairman of the Board and outside directors, including benefits provided solely to outside directors.
  12. Review and recommend to the Board stock ownership guidelines for executive officers and outside directors of the Company.
  13. Review and recommend to the Board new hire compensation packages for executive officers.
  14. Review and recommend to the Board change-in-control protections for senior management.
  15. Provide an annual performance evaluation of the Committee to the Board.
  16. Make regular reports to the Board within the scope of its function.
  17. Obtain assistance from members of management and retain outside consultants as the Committee deems appropriate in accordance with federal securities laws. The Committee has sole authority to retain and terminate any consulting firm, or other experts of its choosing, engaged to assist in the evaluation of director, CEO or executive officer compensation, including the sole authority to approve such firm or expert’s fees and other retention terms.

18. Review and reassess annually the adequacy of the Compensation Committee Charter.

Meetings

The Committee shall meet as often as the Chairperson or such Committee deems necessary, but no fewer than four times annually. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee. In lieu of a meeting, the Committee may also act by unanimous written consent. The members of the Committee may, at their sole discretion, meet in executive session without the CEO and other members of management, at any time.

**HUTCHINSON TECHNOLOGY INCORPORATED  
AUDIT COMMITTEE CHARTER**

**Approved: June 1, 2011**

**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 the rules of The Nasdaq Stock Market, meet the criteria for independence set forth under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted thereunder (the “Exchange Act”), not have participated in the preparation of the financial statements of the Company or any current subsidiary at any time during the past three years and 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 Committee shall endeavor to have at all times on the Committee at least one member who satisfies the definition of an “audit committee financial expert” as defined by the Securities and Exchange Commission (the “SEC”), which member shall be deemed to have satisfied the financial sophistication criteria set forth in the immediately preceding sentence.

Each Committee member shall be appointed by the Board. Committee members may be removed or replaced by the Board from time to time in its discretion. A Committee chair shall be elected by the Committee, and the Committee shall report to the full Board on activities and decisions of the Committee and on significant items of discussion at Committee meetings.

The Committee’s key supporting staff includes the Company’s chief financial officer, corporate controller and senior management of the Company’s internal audit department. The Committee shall oversee the Company’s internal audit department, and the senior manager of the internal audit department shall report functionally to the Committee and periodically report the results of the department’s audit activities to the Committee. The Committee may ask other members of management to attend meetings and provide pertinent information.

**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 independent auditors.

Since the Company's management and its independent 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 independent 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 independent auditors are ultimately accountable to the Board and the Committee, which has the authority and responsibility to select, evaluate and where appropriate replace the independent auditors, and, if applicable, to nominate the independent auditors for shareholder approval, or to submit the Committee's selection of the independent auditors for ratification by the shareholders, in any proxy statement.

The Company will provide appropriate funding, as determined by the Committee, for the payment of (i) compensation to any independent 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 Powers**

In fulfilling its oversight purpose, the Committee:

- a) may retain at Company expense independent counsel, auditors or other advisors and experts of its choosing;
- b) is entitled to rely on information, opinions, reports or statements prepared or presented by one or more members of the Company's management whom the Committee reasonably believes to be reliable and competent in the matters presented, or by the Company's independent auditors or other experts as to matters the Committee reasonably believes are within such auditor's or other expert's professional or expert competence;
- c) is entitled to rely on information provided by the Company's management and the independent auditors with respect to the nature of services provided by the independent auditor and the fees paid for such services; and
- d) 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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**Meetings**

The Committee will meet as often as the Chairperson or the Committee deems necessary or appropriate, but no fewer than four times per year. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee. In lieu of a meeting, the Committee may also act by unanimous written consent. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion, to the extent permitted by law and the rules of The Nasdaq Stock Market.

**AUDIT COMMITTEE FUNCTIONS**

In carrying out its oversight purpose, the Committee's functions shall include, but not be limited to, the following:

- a) to be directly responsible for the appointment, compensation, retention, evaluation, termination and oversight of the work of any independent 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, audit-related, review or attest services for the Company, including pre-approval of all audit and audit-related services to be provided by such independent auditor, and each such independent auditor must report directly to the Committee;
- b) to require that the Company's independent auditor provide the Committee with the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") regarding the independent auditor's communications with the Committee concerning independence, and to actively discuss with the independent auditor its independence, and any disclosed relationships or services which may impact its objectivity or independence;
- c) to establish guidelines for the Company's hiring of employees of the independent auditors who were engaged on the Company's account;
- d) to review the terms of proposed engagements of the independent 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;
- e) to pre-approve the retention of the independent auditors who provide audit services to the Company for any non-audit services or internal control-related services (including the terms of such retention);
- f) to consider whether the provision of services by the independent 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 independent auditor's independence, prior to engagement for such services;
- g) to take, or to recommend that the full Board take, appropriate action to oversee independence of the independent auditors, and the Committee shall have the authority to remove and replace, and, where applicable, to nominate the independent auditors for shareholder approval, or to submit the Committee's selection of the independent auditors for ratification by the shareholders;
- h) to evaluate the performance of the independent auditors and, together with the Board, to consider whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis;
- i) to obtain and review a report from the independent auditor at least annually regarding:
  - the independent auditor's internal quality-control procedures;
  - any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor; and

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- any steps taken to deal with any such issues;
- j) to 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) to prepare and sign annually a Committee Report to be included in the Company's annual proxy statement, 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 independent 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 SEC. The Committee, in connection with such a Report, shall:
- review and discuss the audited financial statements with management and the independent auditors;
  - review and discuss with the independent auditors the matters required to be discussed in accordance with PCAOB standards; and
  - receive the written disclosures and the letter from the independent auditor and actively discuss with the independent auditor the topics identified in subsection b) above;
- l) to review and discuss representations from the independent auditor regarding:
- critical accounting policies and practices to be used;
  - alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
  - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences; and
  - material issues for which the national office of the independent auditor was consulted;
- m) in connection with the Company's interim financial reporting, to be available to meet and confer with management and/or the Company's independent auditors in respect to any report required to be made by such independent auditors to the Committee in accordance with PCAOB standards or in accordance with the terms of such independent auditors' engagement;
- n) to review and discuss with management the Company's earnings press releases, the Company's processes with respect to earnings press releases, including the use of "adjusted" non-GAAP information, and the financial information and earnings guidance that may be provided to analysts;
- o) to 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;
- p) to 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;

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- q) to receive information from the Company's management about, and discuss with management and the independent auditors, 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;
- r) to review and discuss with management and the independent auditor management's report on internal controls and the independent auditor's attestation report on internal control over financial reporting;
- s) from time to time, to assure its ability to meet with the Company's independent auditors and internal auditor outside the presence of other management personnel of the Company;
- t) to obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated;
- u) to approve all related party transactions (as such terms is defined in the SEC's rules and regulations) of the Company;
- v) to review and discuss with management the Company's policies and procedures with respect to risk assessment and risk management;
- w) review and reassess annually the adequacy of the Audit Committee Charter; and
- x) to review annually the Committee's performance.

**HUTCHINSON TECHNOLOGY INCORPORATED**  
**GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

**Approved: March 28, 2012**

**Preamble**

There shall be a Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Hutchinson Technology Incorporated, a Minnesota corporation (the “Company”). The purposes of the Committee shall be to assist the Board in developing and implementing the Company’s Principles of Corporate Governance, in identifying candidates for director positions, in determining the composition of the Board and its committees, and to assist the Board and its committees in maintaining a high standard of governance, care and due diligence in carrying out their responsibilities.

**Organization and Composition**

The Committee shall consist of at least three directors appointed by the Board. Each director appointed to the Committee shall (i) be an “independent director” within the meaning of the rules of The Nasdaq Stock Market and (ii) have no relationship with the Company which, in the opinion of the Board, would interfere with the exercise of independent judgment. The Board shall designate one member of the Committee as the chairperson. The Board shall have sole authority to remove members of the Committee.

**Principal Responsibilities**

The Committee’s principal responsibilities shall be to:

- a) monitor compliance with the Company’s Principles of Corporate Governance and recommend to the Board changes thereto as necessary or appropriate;
- b) recommend as necessary changes in the size and composition of the full Board and each of its committees and the establishment and composition of new committees (including ad-hoc committees);
- c) review director and committee member qualifications, and review and recommend revisions as necessary to the screening process for director and committee member candidates;
- d) oversee the process for selecting director candidates; provided, that the Committee shall have sole authority to determine (i) whether to retain or terminate any search firm to identify director candidates and (ii) the terms of such retention, including the search firm’s fees;
- e) recommend to the Board (i) director nominees to be presented for shareholder approval at each annual meeting of shareholders and (ii) any new director nominees to be elected by the Board to fill vacancies and newly created directorships; provided, that no person shall be nominated by the Board for election to the Board without the approval of the Committee;

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- f) consider the performance, including Board and committee attendance and participation, of incumbent members of the Board in determining whether to recommend that they be nominated for reelection and consider whether to recommend to the Board guidelines with respect to continued service of directors, committee members and committee chairs;
- g) review and approve the process for new director orientation;
- h) monitor committee charters to confirm proper scope and responsibilities;
- i) consider the need for changes to the Company's Articles of Incorporation and Bylaws;
- j) review the Company's procedures for assuring development, communication of and adherence to the Company's code of conduct and ethics;
- k) develop, recommend to the Board, and oversee an annual performance evaluation process for the Board, each of its committees and individual Board members, and ensure that such performance evaluations are distributed to the Board;
- l) review and recommend to the Board for inclusion in the Company's annual proxy statement any Company proposal for the timing of shareholder advisory votes on executive compensation, in accordance with federal securities laws;
- m) review and reassess annually the adequacy of the Governance and Nominating Committee Charter; and
- n) review the Committee's performance annually.

**Meetings**

The Committee will meet as often as it deems necessary or appropriate, in its judgment, but no less than two times per year. All meetings of the Committee shall be held pursuant to the Bylaws of the Company with regard to notice and waiver thereof, and written minutes of each meeting shall be duly filed in the Company's corporate records. A report of each meeting of the Committee shall be made to the Board promptly following such Committee meeting accompanied by any recommendations to the Board approved by the Committee. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion, to the extent permitted by law and the rules of The Nasdaq Stock Market. A majority of the members of the Committee shall constitute a quorum of the Committee.

**HUTCHINSON TECHNOLOGY INCORPORATED**  
**COMPETITIVE EXCELLENCE COMMITTEE CHARTER**

**Approved March 28, 2012**

The Competitive Excellence Committee (the “Committee”) of Hutchinson Technology Incorporated (the “Company”) assesses the delivered value of the Company’s products and services in both the disk drive components market and in the medical device market.

**In the disk drive components market**, the Company believes it must deliver better value to its customers than the value delivered by competitors’ products. The Company also believes better value is sustainable only by optimized combinations of a competitive cost structure and improvement, at a rate greater than that of its competitors, in all key aspects valued by or contributing to value by its customers.

Accordingly, in the disk drive components market, the Committee assesses the Company’s delivery of value and it’s competitive standing by evaluating manifold aspects of internal operations and external factors, including customer reports, market share estimates and design wins.

**In the medical market**, the Company believes its measurement devices must deliver a compelling combination of patient outcomes and treatment economies which are congruent with the financial, regulatory and procedural drivers of the market.

Accordingly, the Committee assesses the Company's delivery of benefits by evaluating market acceptance, device utility, and customer satisfaction. The Committee also evaluates the Company's leadership position by evaluating the Company's role in advancing medical practice.

**In both markets**, the Committee believes that competitive and market standing are affected by the Company’s reputation.

The Committee believes that perpetuation of competitive excellence is essential for the Company’s long-term success. Therefore, the Committee reviews succession planning and other efforts to imbed competitive excellence into the Company’s structure and culture.

**Structure**

The Committee will consist of at least two outside board members and one inside board member. The Committee will meet at least four times per year. The Committee anticipates frequent attendance by the Chief Executive Officer and by the Vice President or Director of Quality, and by senior quality and operations managers designated from all operating divisions.

Each Committee member shall be appointed by the Board. Committee members may be removed or replaced by the Board from time to time in its discretion. A Committee chair shall be elected by the Committee, and the Committee shall report to the full Board on activities and decisions of the Committee.

The Committee shall review and reassess annually the adequacy of the Competitive Excellence Committee Charter. The Committee shall review its performance annually.