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**ULTRATECH INTRODUCES LATEST GENERATION LASER ANNEALING SYSTEM
FOR 28-NM NODE AND BEYOND**

**LSA101's State-of-the-art Optical Design Provides 65 Percent Reduction in COO and Extended Dwell Time
Capability**

SAN JOSE, CA—January 11, 2011—Ultratech, Inc. (Nasdaq: UTEK), a leading supplier of lithography and laser-processing systems used to manufacture semiconductor devices and high-brightness LEDs (HB-LEDs), today announced the release of its new field-tested LSA101 laser spike annealing (LSA) system, which enables critical millisecond annealing applications for the 28-nm node and beyond. The LSA101 features a new, state-of-the-art design of coherent optics, which generates a longer, more focused laser beam at the wafer plane, providing the capability to increase throughput by approximately 200 percent compared to its predecessor, the LSA100A. This dramatic improvement in throughput gives a corresponding approximate 65 percent reduction in cost of ownership. The LSA101 also extends the ability to decrease the annealing time by approximately a factor of two compared to the LSA100A, which has been demonstrated to be critical for stress reduction in advanced technology nodes where many IC manufacturers are using aggressive strain engineering. Currently, the LSA101 is being qualified for 28-nm production by a customer in Asia.

“The LSA101 is based on the same field-proven, long-wavelength technology as its predecessor, the LSA100A, and it delivers the same inherent advantages for advanced CMOS manufacturing, such as superior within-die uniformity, layout-independent process results, and closed-loop wafer temperature control,” noted Jeff Hebb, Ph.D., vice president of laser product marketing at Ultratech. “With the LSA101, we are able to deliver this performance at a much lower cost of ownership. With the improvements in beam length and dwell time reduction, the system delivers a standard throughput of 35wph. In addition, the LSA101 can also be operated in “optimal throughput” mode, where the wafer is annealed with half as many laser scans with only a modest impact on within-wafer uniformity. In this mode, the tool delivers an enhanced throughput of 60wph, the highest in the industry for millisecond annealing tools.”

The LSA101 also has a wider operating range for annealing time, or dwell time, which is critical for stress management in advanced devices. The LSA101 has a minimum dwell time of 200 microseconds compared to 400 microseconds of the LSA100A. Hebb explained, “It is a well-established phenomenon that wafer warpage and lithography overlay errors are reduced at shorter dwell times. As device dimensions shrink, overlay requirements are getting more stringent and customers are getting more aggressive with strain engineering to enable high channel

mobility. The reduced dwell time capability allows our customers to maintain high processing temperatures for such devices without suffering yield loss due to overlay errors. As a result, this capability provides improved device performance and lower leakage. The LSA101 process matches the device performance of the previous LSA models. Overall, the LSA101 system is an example of Ultratech's commitment to continue to develop advanced technology systems that provide competitive and economic advantages for its global customers."

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Certain of the statements contained herein, which are not historical facts and which can generally be identified by words such as "anticipates," "expects," "thinks," "intends," "will," "could," "believes," "estimates," "continue," and similar expressions, are forward-looking statements under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties, such as risks related to timing, delays, deferrals and cancellations of orders by customers, including as a result of semiconductor manufacturing capacity as well as our customers' financial condition and demand for semiconductors; demand for consumer devices; industry growth within the company's served markets; continued delivery of financial performance and value; cyclicity in the semiconductor and nanotechnology industries; general economic and financial market conditions including impact on capital spending, as well as difficulty in predicting changes in such conditions; rapid technological change and the importance of timely product introductions; customer concentration; our dependence on new product introductions and market acceptance of new products and enhanced versions of our existing products; lengthy sales cycles, including the timing of system installations and acceptances; lengthy and costly development cycles for laser-processing and lithography technologies and applications; integration, development and associated expenses of the laser processing operation; pricing pressures and product discounts; high degree of industry competition; intellectual property matters; changes in pricing by us, our competitors or suppliers; international sales and operations; timing of new product announcements and releases by us or our competitors; ability to volume produce systems and meet customer requirements; sole or limited sources of supply; effect of capital market fluctuations on our investment portfolio; ability and resulting costs to attract or retain sufficient personnel to achieve our targets for a particular period; dilutive effect of employee stock option grants on net income per share, which is largely dependent upon our achieving and maintaining profitability and the market price of our stock; mix of products sold; outcome of litigation; manufacturing variances and production levels; timing and degree of success of technologies licensed to outside parties; product concentration and lack of product revenue diversification; inventory obsolescence; asset impairment; changes to financial accounting standards; effects of certain anti-takeover provisions; future acquisitions; volatility of stock price; foreign government regulations and restrictions; business interruptions due to natural disasters or utility failures; environmental regulations; and any adverse effects of terrorist attacks in the United States or elsewhere, or government responses thereto, or military actions in Iraq, Afghanistan and elsewhere, on the economy, in general, or on our business in particular. Such risks and uncertainties are described in Ultratech's SEC reports including its Annual Report on Form 10-K filed for the year ended December 31, 2009 and Quarterly Report on Form 10Q for the quarter ended October 2, 2010. Due to these and additional factors, the statements, historical results and percentage relationships set forth herein are not necessarily indicative of the results of operations for any future period. These forward-looking statements are based on management's current beliefs and expectations, some or all of which may prove to be inaccurate, and which may change. We undertake no obligation to revise or update any forward-looking statements to affect any event or circumstance that may arise after the date of this release.

About Ultratech: Ultratech, Inc. (Nasdaq: UTEK) designs, manufactures and markets photolithography and laser processing equipment. Founded in 1979, the company's market-leading advanced lithography products deliver high throughput and production yields at a low, overall cost of ownership for bump packaging of integrated circuits and high-brightness LEDs (HB-LEDs). A pioneer of laser processing, Ultratech developed laser spike anneal technology, which increases device yield, improves transistor performance and enables the progression of Moore's Law for 45-nm and below production of state-of-the-art consumer electronics. Visit Ultratech online at: www.ultratech.com.

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