

ULTRA CLEAN HOLDINGS INC

Form DEF 14A

April 28, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ULTRA CLEAN HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - 1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**ULTRA CLEAN HOLDINGS, INC.
150 Independence Drive
Menlo Park, CA 94025**

**NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS OF
ULTRA CLEAN HOLDINGS, INC.**

Date: June 5, 2008

Time: Doors open at 1:30 p.m. Pacific time Meeting begins at 2:00 p.m. Pacific time

Place: Davis Polk & Wardwell 1600 El Camino Real Menlo Park, CA 94025

Purposes: Elect our directors

Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm

Conduct other business that may properly come before the annual meeting or any adjournment or postponement thereof

Who Can Vote: April 25, 2008 is the record date for voting. Only stockholders of record at the close of business on that date may vote at the annual meeting or any adjournment thereof.

All stockholders are cordially invited to attend the meeting. At the meeting you will hear a report on our business and have a chance to meet some of our directors and executive officers.

Whether you expect to attend the meeting or not, please complete, sign, date and promptly return the enclosed proxy card in the postage-prepaid envelope we have provided. You may change your vote and revoke your proxy at any time before the polls close at the meeting by following the procedures described in the accompanying proxy statement.

Sincerely,

Jack Sexton
Vice President, Chief Financial Officer and Secretary

Menlo Park, California
April 25, 2008

ULTRA CLEAN HOLDINGS, INC.

**2008 ANNUAL MEETING OF STOCKHOLDERS
NOTICE OF ANNUAL MEETING AND PROXY STATEMENT**

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**ULTRA CLEAN HOLDINGS, INC.
150 Independence Drive
Menlo Park, CA 94025**

PROXY STATEMENT FOR 2008 ANNUAL MEETING OF STOCKHOLDERS

June 5, 2008

INFORMATION CONCERNING SOLICITATION AND VOTING

Your vote is very important. For this reason our Board of Directors is requesting that you permit your shares of common stock to be represented at our 2008 Annual Meeting of Stockholders by the proxies named on the enclosed proxy card. This proxy statement contains important information for you to consider in deciding how to vote on the matters brought before the meeting.

General Information

Ultra Clean Holdings, Inc., referred to in this proxy statement as Ultra Clean, the Company or we, is soliciting the enclosed proxy for use at our Annual Meeting of Stockholders to be held June 5, 2008 at 2:00 p.m., Pacific time or at any adjournment thereof for the purposes set forth in this proxy statement. Our annual meeting will be held at the offices of Davis Polk & Wardwell, 1600 El Camino Real, Menlo Park, California 94025.

We will initiate mailing this proxy statement and the enclosed proxy card on April 28, 2008 to stockholders entitled to vote at the meeting.

Who May Vote at Our Annual Meeting

All holders of our common stock, as reflected in our records at the close of business on April 25, 2008, the record date for voting, may vote at the meeting.

Each share of common stock that you owned on the record date entitles you to one vote on each matter properly brought before the meeting. As of the record date, there were issued and outstanding 21,638,550 shares of our common stock, \$0.001 par value.

Holding Shares as a Beneficial Owner (or in Street Name)

Most stockholders are considered the beneficial owners of their shares, that is, they hold their shares through a broker, bank or nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially or in street name .

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares. If you are a stockholder of record, we are sending these proxy materials directly to you. As our stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the annual meeting. We have enclosed a proxy card for your vote.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank, or nominee (who is considered the stockholder of record with respect to those shares). As the beneficial

owner, you have the right to direct your broker, bank, or nominee how to vote if you follow the instructions you receive from your broker, bank, or nominee. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the annual meeting

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unless you bring to the meeting an account statement or letter from the nominee stating that you beneficially owned the shares on April 25, 2008, the record date for voting.

How to Vote

You may vote in person at the meeting or by proxy. All valid proxies properly executed and received by us prior to or at the meeting will be voted in accordance with the instructions they contain. We recommend that you vote by proxy even if you plan to attend the meeting. You may change your vote at the meeting even if you have previously submitted a proxy.

How Proxies Work

This proxy statement is furnished in connection with the solicitation of proxies by Ultra Clean for use at the annual meeting and at any adjournment of that meeting. If you give us your proxy you authorize us to vote your shares at the meeting in the manner you direct. You may vote for all, some or none of our director candidates. You may also vote for or against the other proposals, or you may abstain from voting.

If you give us your proxy but do not specify how your shares shall be voted on a particular matter, your shares will be voted FOR the election of each of the named nominees for director, FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm and, with respect to any other matter that may come before the annual meeting, as recommended by our Board of Directors or otherwise in the proxies discretion.

If you hold your shares in street name, your broker, bank or nominee will include a voting instruction card with this proxy statement. You should vote your shares by following the instructions provided on the voting instruction card. Your broker, bank or nominee may provide instructions for voting by telephone or over the Internet.

Changing Your Vote

You have the right to revoke your previously submitted proxy at any time before the polls close at the annual meeting.

If you are a stockholder of record, you may revoke your proxy before it is voted by:

submitting a new proxy with a date later than the date of your previously submitted proxy;

notifying our Secretary in writing before the meeting that you wish to revoke your previously submitted proxy; or

voting in person at the meeting.

If you are a beneficial owner and your shares are held in the name of your broker, bank or nominee and you wish to revoke your previously submitted proxy, you should follow the instructions provided to you by your broker, bank or nominee. You may also revoke your proxy by voting in person at the meeting, provided you comply with the requirements indicated below.

Important Notice Regarding Delivery of Stockholder Documents

Only one proxy statement and set of accompanying materials is being delivered by us to multiple stockholders sharing an address until we receive contrary instructions from one or more of the stockholders. We will deliver, promptly

upon written or oral request, a separate copy of the proxy statement and accompanying materials to a stockholder at a shared address to which a single copy of the documents was delivered. A stockholder who wishes to receive a separate copy of the proxy statement and accompanying materials now or in the future, or stockholders sharing an address who are receiving multiple copies of proxy materials and wish to receive a single copy of such materials, should submit a written request to us at the address on page 5.

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Attending in Person

Any stockholder of record may vote in person. All meeting attendees will be required to present a valid, government-issued photo identification, such as a driver's license or passport, in order to enter the meeting.

If you are a beneficial owner and your shares are held in the name of your broker, bank or nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you beneficially owned the shares at the close of business on April 25, 2008, the record date for voting.

Votes Needed to Hold the Meeting and Approve Proposals

In order to carry on the business of the annual meeting, stockholders entitled to cast a majority of the votes at a meeting of stockholders must be represented at the meeting, either in person or by proxy. In accordance with Delaware law, only votes cast for a matter constitute affirmative votes. A properly executed proxy marked abstain with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Since abstentions will not be votes cast for a particular proposal, they will have the same effect as negative votes or votes against that proposal. Broker non-votes are also counted for the purpose of determining the presence of a quorum. Broker non-votes occur when shares held by a broker on behalf of a beneficial owner are not voted with respect to a particular proposal, which generally occurs when the broker has not received voting instructions from the beneficial owner and lacks the discretionary authority to vote the shares itself. We believe that the election of directors and ratification of our independent registered public accounting firm are considered routine proposals for which brokerage firms may vote shares held on behalf of beneficial owners who have not voted with respect to the particular proposal.

The election of directors requires a plurality of the votes cast for the election of directors. Plurality means that the six nominees who receive the highest number of votes will be elected as directors. In the election of directors, votes may be cast in favor of or withheld from any or all nominees. The affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the item will be required to ratify the appointment of our independent registered public accounting firm for the current fiscal year. Approval of any other matter properly submitted to the stockholders at the annual meeting generally will require the affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on that matter.

Security Ownership of Certain Beneficial Owners and Management

The table below sets forth information as of March 31, 2008 regarding the beneficial ownership (as defined by Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) of our common stock by:

each person or group known by us to own beneficially more than five percent of our common stock;

each of our directors and named executive officers individually; and

all directors and executive officers as a group.

In accordance with applicable rules of the Securities and Exchange Commission (the SEC), beneficial ownership includes voting or investment power with respect to securities and includes the shares issuable pursuant to stock

options that are exercisable within 60 days of March 31, 2008. Shares issuable pursuant to stock options are deemed outstanding for the purpose of computing the ownership percentage of the person holding such options but are not deemed outstanding for computing the ownership percentage of any other person. The percentage of beneficial ownership for the following table is based on 21,629,179 shares of common stock outstanding as of March 31, 2008.

Unless otherwise indicated, the address of each of the named individuals is c/o Ultra Clean Holdings, Inc., 150 Independence Drive, Menlo Park, California 94025. To our knowledge, except as indicated in the footnotes to this

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table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

Name and Address of Beneficial Owner	Shares Beneficially Owned Number	Percent
Greater than 5% Stockholders		
Wellington Management Company, LLP(1) 75 State Street Boston, MA 02109	2,761,841	12.8
Artisan Partners Limited Partnership.(2) 875 East Wisconsin Avenue, Suite 800 Milwaukee, WI 53202	2,440,400	11.3
Northpointe Capital, LLC(3) 101 W. Big Beaver, Suite 745 Troy, MI 48084	2,086,311	9.6
Vaughan Nelson Investment Management, L.P.(4) 600 Travis Street, Suite 6300 Houston, TX 77002	1,759,401	8.1
Deutsche Bank AG(5) Theodor-Heuss-Allee 70 60468 Frankfurt am Main	1,341,766	6.2
Federal Republic of Germany Putnam, LLC(6) One Post Office Square Boston, MA 02109	1,145,658	5.3
Named Executive Officers and Directors		
Clarence L. Granger(7)	856,668	3.9
Jack Sexton(8)	116,437	*
Deborah Hayward(9)	140,876	*
Bruce Wier(10)	179,095	*
Leonid Mezhvinsky(11)	568,952	2.6
Brian R. Bachman(12)	28,125	*
Susan H. Billat(12)	33,125	*
Kevin C. Eichler(12)	33,125	*
David ibnAle(12)	27,500	*
Thomas M. Rohrs(13)	58,125	*
All executive officers and directors as a group (12 persons)(14)	2,208,894	9.6

* Less than 1%.

(1) Based on a Schedule 13G filed with the Securities and Exchange Commission (SEC) on February 14, 2008.

(2) Based on a Schedule 13G filed with the SEC on February 8, 2008.

(3) Based on a Schedule 13G filed with the SEC on February 14, 2008.

(4) Based on a Schedule 13G filed with the SEC on February 14, 2008.

- (5) Based on a Schedule 13G filed with the SEC on February 6, 2008.
- (6) Based on a Schedule 13G filed with the SEC on February 1, 2008.
- (7) Includes 539,823 shares subject to common stock options exercisable within 60 days of March 31, 2008 and 53,700 restricted stock units that vest over 3 years.
- (8) Includes 93,437 shares subject to common stock options that are exercisable within 60 days of March 31, 2008 and 23,000 restricted stock units that vest over 3 years.

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- (9) Includes 120,625 shares subject to common stock options exercisable within 60 days of March 31, 2008 and 18,000 restricted stock units that vest over 3 years.
- (10) Includes 113,250 shares subject to common stock options exercisable within 60 days of March 31, 2008 and 12,500 restricted stock units that vest over 3 years.
- (11) Includes 50,000 shares subject to common stock options exercisable within 60 days of March 31, 2008.
- (12) Represents shares subject to common stock options that are exercisable within 60 days of March 31, 2008 and restricted stock awards that vest on May 31, 2008.
- (13) Includes 40,625 shares subject to common stock options exercisable within 60 days of March 31, 2008.
- (14) Includes shares of common stock, restricted stock units and shares subject to common stock options owned by Sowmya Krishnan and David Savage, executive officers who are not named executive officers. Includes 77,916 shares subject to common stock options exercisable within 60 days of March 31, 2008 and 70,000 restricted stock units that vest over 3 to 4 years.

At the close of business on April 25, 2008, the record date, we had 21,638,550 shares of common stock outstanding. Each share of our common stock is entitled to one vote on all matters properly submitted for stockholder vote.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) requires our directors and executive officers and beneficial holders of 10% or more of a registered class of our equity securities to file certain reports with the SEC regarding ownership of, and transactions in, our equity securities. We have reviewed copies of the reports we received and written representations from the individuals required to file the reports.

Based solely on our review of such reports and representations, except as described in the following paragraph, we believe that all of our directors, executive officers and beneficial holders of 10% or more of a registered class of our equity securities filed, on a timely basis, all reports required by Section 16(a) of the Exchange Act for the year ended December 31, 2006 and December 31, 2007.

The following is a list of all reports that we are aware were not filed on a timely basis:

Form 4 related to acquisition of 315,000 shares subject to common stock options granted to Mr. Mezhvinsky on July 28, 2006 was filed late on August 10, 2007.

Form 4s related to acquisition of 212,000 shares subject to common stock options granted to Messrs. Granger, Mezhvinsky, Sexton, Wier and Ms. Hayward on April 27, 2007 was filed late on May 10, 2007.

Form 4 related to the exercise of options to purchase 4,000 shares of common stock and disposition of 2,000 shares of common stock by Clarence Granger on May 22, 2007 was filed two days late.

Form 4 related to disposition of an aggregate of 388,528 shares of common stock by Mr. Mezhvinsky on July 11, 2007, October 1, 2007, October 2, 2007 and October 4, 2007 were filed one or two days late.

Form 4 related to disposition of 15,000 shares of common stock by Mr. Rohrs on November 30, 2007 was filed late on January 3, 2008.

Cost Of Proxy Solicitation

We will pay the cost of this proxy solicitation. Some of our employees may also solicit proxies, without any additional compensation. We may also reimburse banks, brokerage firms and nominees for their expenses in forwarding proxy materials to their customers who are beneficial owners of our common stock and obtaining their voting instructions.

Deadline for Receipt of Stockholder Proposals for the 2009 Annual Meeting

If you wish to submit a proposal for inclusion in the proxy statement for our 2009 Annual Meeting of Stockholders, you must follow the procedures outlined in Rule 14a-8 of the Exchange Act, and we must receive

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your proposal at the address below no later than December 29, 2008. If a stockholder intends to present a proposal at the next annual meeting without the inclusion of such proposal in the Company's proxy materials, proxies solicited by us for the next annual meeting will confer discretionary authority to vote on such proposal if presented at the meeting so long as notice of the proposal is (1) received before the close of business on March 14, 2009 and the Company advises stockholders in next year's proxy statement on nature of the proposal and as to how management intends to vote on the matter or (2) received after the close of business on March 14, 2009. Stockholder proposals should be sent to us at the address below. The Company reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

Contacting Ultra Clean

If you have questions or would like more information about the annual meeting, you can contact us in either of the following ways:

By telephone: (650) 323-4100

By writing Secretary
Ultra Clean Holdings, Inc.
150 Independence Drive
Menlo Park, CA 94025

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board of Directors, at the recommendation of the Nominating and Corporate Governance Committee, has recommended for nomination the director candidates named below. All of these nominees currently serve as our directors. All of our directors are elected for one-year terms.

If a director nominee becomes unavailable before the election, your proxy authorizes the people named as proxies to vote for a replacement nominee if the Nominating and Corporate Governance Committee names one.

Name	Age	Director Since
Brian R. Bachman	63	2004
Susan H. Billat	57	2004
Kevin C. Eichler	48	2004
Clarence L. Granger	59	2002
David T. ibnAle	36	2002
Leonid Mezhvinsky	53	2007

Set forth below is information about each of our nominees for director:

Clarence L. Granger has served as our Chairman & Chief Executive Officer since October 2006, as our Chief Executive Officer since November 2002, as Chief Operating Officer from March 1999 to November 2002 and as a member of our Board of Directors since May 2002. Mr. Granger served as our Executive Vice President and Chief Operating Officer from January 1998 to March 1999 and as our Executive Vice President of Operations from April 1996 to January 1998. Prior to joining Ultra Clean in April 1996, he served as Vice President of Media Operations for Seagate Technology from 1994 to 1996. Prior to that, Mr. Granger worked for HMT Technology as Chief Executive

Officer from 1993 to 1994, as Chief Operating Officer from 1991 to 1993 and as President from 1989 to 1994. Prior to that, Mr. Granger worked for Xidex as Vice President and General Manager, Thin Film Disk Division, from 1988 to 1989, as Vice President, Santa Clara Oxide Disk Operations, from 1987 to 1988, as Vice President, U.S. Tape Operations, from 1986 to 1987 and as Director of Engineering from 1983 to 1986. Mr. Granger holds a master of science degree in industrial engineering from Stanford University and a bachelor of science degree in industrial engineering from the University of California at Berkeley.

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Brian R. Bachman has served as a director of Ultra Clean since March 2004. Mr. Bachman is a private investor. Mr. Bachman was the Chief Executive Officer and Vice Chairman of Axcelis Technologies, Inc. from May 2000 to January 2002. Mr. Bachman is on the board of directors of Keithley Instruments, Inc. and Kulicke, Soffa Industries, Inc. and Trident Microsystems, Inc.

Susan H. Billat has served as a director of Ultra Clean since March 2004. Since 2002, Ms. Billat has been a Principal at Benchmark Strategies, which she founded in 1990. Prior to that, she was a Managing Director and Senior Research Analyst for semiconductor equipment and foundries at Robertson Stephens & Company from 1996 to 2002 and senior Vice President of Marketing for Ultratech Stepper from 1994 to 1996. Prior to 1994, Ms. Billat spent eight years in executive positions in the semiconductor equipment industry and twelve years in operations management, engineering management and process engineering in the semiconductor industry. Ms. Billat is on the board of directors of PDF Solutions, Inc. Ms. Billat holds bachelor and master of science degrees in physics from Georgia Tech and completed further graduate studies in electrical engineering and engineering management at Stanford University.

Kevin C. Eichler has served as a director of Ultra Clean since March 2004 and as our lead director since February 2007. Mr. Eichler is the Senior Vice President and Chief Financial Officer of Credence Systems Corporation. Mr. Eichler was the Executive Vice President of Operations and Chief Financial Officer of MarketTools, Inc. from March 2006 to December 2007. Mr. Eichler served as the Vice President and Chief Financial Officer of MIPS Technologies, Inc. from June 1998 to February 2006. Prior to that, he was Vice President of Operations and Chief Financial Officer of Visigenic Software Inc. from 1996 to 1998, Executive Vice President of Finance and Chief Financial Officer of National Information Group from 1995 to 1996 and Executive Vice President of Finance and Chief Financial Officer of Mortgage Quality Management, Inc. from 1991 to 1995. Prior to 1991, Mr. Eichler held management positions with NeXT Software and Microsoft. Mr. Eichler is on the board of directors of SupportSoft, Inc. and Magma Design Automation, Inc. Mr. Eichler holds a bachelor of science degree in accounting from St. John's University.

David T. ibnAle has served as a director of Ultra Clean since November 2002 and as our lead director from February 2005 to February 2007. From April 2007 to March 2008, Mr. ibnAle was a Partner of Francisco Partners and from December 1999 to April 2007, he was an investment professional with Francisco Partners. Prior to joining Francisco Partners, Mr. ibnAle was an investment professional with Summit Partners L.P., and prior to that he worked in the Corporate Finance Department of Morgan Stanley & Co. Mr. ibnAle holds an A.B. in public policy and an A.M. in international development policy from Stanford University and a masters degree in business administration from the Stanford University Graduate School of Business.

Leonid Mezhvinsky has served as a director of Ultra Clean since February 2007. Mr. Mezhvinsky served as our President from June 2006 to December 2007, following our acquisition of Sieger Engineering, Inc. He has more than two decades of management experience and in depth knowledge of machine shop, electro mechanical assemblies and system integration utilized in semiconductor, medical and biotech OEM products. Prior to joining Ultra Clean, Mr. Mezhvinsky was President and Chief Executive Officer of Sieger Engineering, Inc. which he joined in 1982. Mr. Mezhvinsky holds the equivalent of a bachelor of science in Industrial Automation from College of Industrial Automation, Odessa, Ukraine.

There are no family relationships among any of our directors and named executive officers.

Board Recommendation

Our Board of Directors unanimously recommends that you vote FOR each of the nominees to the Board of Directors set forth in this Proposal One.

Structure of Board of Directors and Corporate Governance Information

Director Independence. We are required to comply with the director independence rules of the NASDAQ Stock Market (NASDAQ) and the SEC. These rules require that the board of directors of a listed company be composed of a majority of independent directors and that the audit committee, compensation committee and nominating and corporate governance committees be composed solely of independent directors.

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Our Board of Directors has determined that Brian R. Bachman, Susan H. Billat, Kevin C. Eichler, and David T. ibnAle are each independent in accordance with applicable NASDAQ and SEC rules. Accordingly, a majority of our Board of Directors is independent as required by NASDAQ rules.

Director Responsibilities. We are governed by our Board of Directors and its various committees that meet throughout the year. Our Board of Directors currently consists of seven directors. During 2007, there were five meetings of our Board of Directors. We expect directors to attend and prepare for all meetings of the Board of Directors and the meetings of the committees on which they serve. Each of our directors, except David ibnAle, attended more than 75% of the aggregate number of meetings of the Board of Directors and the committees on which he or she served during 2007.

Executive Sessions of the Independent Directors. Our independent directors met in an executive session during each regularly scheduled meeting of the Board of Directors in 2007.

Chairman of the Board. On October 26, 2006, Clarence L. Granger was appointed Chairman of the Board of Directors. The duties of the Chairman include: (i) presiding over all meetings of the Board of Directors, (ii) ensuring that the Board works as a cohesive team and providing the leadership essential to achieve this objective, (iii) ensuring that the Board has adequate resources in support of its work and that the Board is provided with the information it requires, (iv) setting the Board's agenda in consultation with the lead director, and (v) meeting, from time to time, with the Corporate Governance and Nominating Committee to review the Board, Board Committees, Committee chairs and Board members' performance and to discuss nominees and directors to be submitted to the Board for approval.

Lead Director. On February 7, 2007, our Board of Directors appointed Kevin C. Eichler to serve as our lead director. The duties of the lead director include: (i) presiding over all meetings of non-executive independent directors, (ii) periodically providing the Chief Executive Officer input coming out of the independent directors' meeting, (iii) approving the meeting agenda for meetings of the Board of Directors and (iv) approving meeting schedules to assure that there is sufficient time for discussion of all items. The lead director also has the authority to call meetings of the Board of Directors.

Corporate Governance. Our Board of Directors has adopted corporate governance guidelines. These guidelines address items such as the qualifications and responsibilities of our directors and director candidates and the corporate governance policies and standards applicable to us in general. In addition, we have adopted a code of business conduct and ethics that applies to all officers, directors and employees. Our corporate governance guidelines and our code of business conduct and ethics as well as the charters of the Nominating and Corporate Governance Committee, Audit Committee and Compensation Committee are available on our website at <http://www.uct.com/investors/governance.html>.

Communicating with our Board of Directors. Any stockholder wishing to communicate with our Board of Directors may send a letter to our Secretary at 150 Independence Drive, Menlo Park, California 94025. Communications intended specifically for non-employee directors should be sent to the attention of the Chairman of the Nominating and Corporate Governance Committee.

Annual Meeting Attendance. Our Board of Directors has adopted a policy that all members should attend each annual meeting of stockholders when practical. Five directors attended the 2007 annual meeting of stockholders.

Committees of our Board of Directors

Our Board of Directors has three principal committees. The following describes for each committee its current membership, the number of meetings held during 2007 and its mission:

Audit Committee. Among other matters, the Audit Committee:

hires and replaces our independent registered public accounting firm as appropriate;

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evaluates the independence and performance of our independent registered public accounting firm, reviews and pre-approves any audit and non-audit services provided by our independent registered public accounting firm and approves fees related to such services;

reviews and discusses with management, the internal auditors and our independent registered public accounting firm our financial statements and accounting principles;

oversees internal auditing functions and controls; and

prepares the Audit Committee report required by the rules of the SEC.

A copy of the Audit Committee's charter is available on our website at <http://www.uct.com/investors/governance.html>.

The members of the Audit Committee are Kevin C. Eichler, Brian R. Bachman and Susan H. Billat. Our Board of Directors has determined that each current member of the committee is independent as defined under NASDAQ and SEC rules and has concluded that all members of the Audit Committee qualify as an audit committee financial expert as defined by SEC rules. The Audit Committee met eight times in 2007.

Compensation Committee. Among other matters, our Compensation Committee:

oversees our compensation and benefits policies generally, including equity compensation plans;

evaluates senior executive performance and reviews our management succession plan;

oversees and sets compensation for our senior executives; and

approves the Compensation Discussion and Analysis required to be included in our proxy statement by SEC rules.

A copy of the Compensation Committee's charter is available on our website at www.uct.com/investors/governance.html.

The members of the Compensation Committee are Brian R. Bachman, David T. ibnAle, Thomas M. Rohrs and Susan H. Billat. Our Board of Directors has determined each current member of the committee is independent as defined under NASDAQ and SEC rules. The Compensation Committee met four times in 2007.

Nominating and Corporate Governance Committee. Among other matters, our Nominating and Corporate Governance Committee:

identifies individuals qualified to fill independent director positions and recommends directors for appointment to committees of our Board of Directors;

makes recommendations to our Board of Directors as to determinations of director independence;

evaluates the performance of our Board of Directors;

oversees and set compensation for our directors; and

develops, recommends and oversees compliance with our corporate governance guidelines and code of business conduct and ethics.

A copy of the Nominating and Corporate Governance Committee's charter is available on our website at www.uct.com/investors/governance.html.

The members of the Nominating and Corporate Governance Committee are Susan H. Billat, Brian Bachman, Kevin C. Eichler, and Thomas M. Rohrs. Our Board of Directors has determined that each current member of the committee is independent as defined under NASDAQ and SEC rules. The Nominating and Corporate Governance Committee met twice in 2007.

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Consideration of Director Nominees

Director Qualifications. The Nominating and Corporate Governance Committee Charter specifies the criteria applied to nominees recommended by the Nominating and Corporate Governance Committee for a position on our Board of Directors. Candidates for director nominees are reviewed in the context of the current composition of our Board of Directors, our operating requirements and the interests of our stockholders. In conducting its assessment the committee considers issues of judgment, diversity, age, skills, background, experience and such other factors as it deems appropriate given the needs of the Company and the Board of Directors. The Nominating and Corporate Governance Committee also considers the independence, financial literacy and financial expertise standards required by our committee charters and applicable laws, rules and regulations, and the ability of the candidate to devote the time and attention necessary to serve as a director and a committee member.

Identifying and Evaluating Nominees for Director. In the event that vacancies are anticipated or otherwise arise, the Nominating and Corporate Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current directors, professional search firms engaged by us, stockholders or other persons. Candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee and may be considered at any point during the year.

Stockholder Nominees. Candidates for director recommended by stockholders will be considered by the Nominating and Corporate Governance Committee. Such recommendations should include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications for membership on our Board of Directors, information regarding any relationships between the candidate and Ultra Clean within the last three years and a written indication by the recommended candidate of the candidate's willingness to serve, and should be sent to the committee at the address listed on page 5 of this proxy statement.

Director Compensation

Employee directors do not receive any additional compensation for their service on our Board of Directors.

For fiscal 2007, each non-employee director was paid a \$20,000 annual retainer fee, as well as, if applicable, a \$12,000 annual fee for serving on the Audit Committee, a \$5,000 annual fee per committee for serving on the Compensation and the Nominating and Corporate Governance Committees, a \$20,000 annual fee for serving as chairman of the Audit Committee, a \$10,000 annual fee for serving as chairman of the Compensation and Nomination and Corporate Governance Committees and a \$15,000 annual fee for serving as lead director. In addition, upon initially joining our board, each no