

VEECO INSTRUMENTS INC  
Form DEF 14A  
March 27, 2008

**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  x

Filed by a Party other than the Registrant  o

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- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
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**Veeco Instruments Inc.**

(Name of Registrant as Specified In Its Charter)

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**VEECO INSTRUMENTS INC.**

**Terminal Drive**

**Plainview, NY 11803**



*NOTICE OF ANNUAL MEETING*



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Dear Veeco Stockholder:

On Friday, May 2, 2008, Veeco Instruments Inc. will hold its 2008 Annual Meeting of Stockholders at the Corporate Center, 395 North Service Road, Lower Auditorium, Melville, New York. The meeting will begin at 9:30 a.m. At the meeting, we will consider:

1. Election of three directors;
2. Ratification of the appointment of our independent registered public accounting firm for fiscal year 2008; and
3. Any other business properly presented at the meeting.

Only stockholders who own stock at the close of business on March 7, 2008 can vote at this meeting or any adjournments that may take place. For ten days prior to the annual meeting, a list of these stockholders will be available for inspection at our principal executive offices, Terminal Drive, Plainview, NY 11803. A stockholder may examine the list for any legally valid purpose related to the meeting.

**Your Board of Directors recommends that you vote FOR each of the listed nominees for Director and FOR proposal 2 above, which proposals are further described in this proxy statement. This proxy statement also outlines the corporate governance practices at Veeco, discusses our compensation practices and philosophy, and describes the Audit Committee's recommendations to the Board regarding our 2007 financial statements. We encourage you to read these materials carefully.**

**Whether or not you expect to attend the meeting, we urge you to vote promptly.**

The approximate date of mailing for this proxy statement and card as well as a copy of Veeco's 2007 Annual Report is March 27, 2008. For more information about Veeco, please visit our website at [www.veeco.com](http://www.veeco.com).

By order of the Board of Directors,

John F. Rein, Jr.

Executive Vice President, Chief Financial Officer

and Secretary

March 27, 2008





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**PROXY STATEMENT**

**QUESTIONS AND ANSWERS**

**Q1. Who is entitled to vote?**

You may vote if our records show that you owned shares of Veeco Instruments Inc. common stock on March 7, 2008, the record date for the meeting. At such time, 31,876,601 shares of Veeco common stock were issued and outstanding. You are entitled to one vote for each share that you own.

**Q2. How can I vote if I own shares directly?**

If your shares are registered directly in your name with our transfer agent, then you are considered the stockholder of record with respect to those shares and these proxy materials are being sent directly to you. Stockholders of record may vote by (1) *marking, signing, dating and mailing* each proxy card in the envelope provided or (2) *attending the meeting* and voting in person.

**Q3. How can I vote if my shares are held through a brokerage, bank or similar organization?**

If your shares are held in *street name* (that is, they are held in the name of a broker, bank or similar organization), you are considered the beneficial holder of such shares and these proxy materials are being forwarded to you by such organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct the stockholder of record on how to vote the shares in your account. If you do not give instructions to the record holder on how to vote, the record holder will be entitled to vote your shares in its discretion. Please follow the voting instructions provided by the organization holding your shares to ensure your vote is counted. If you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from the stockholder of record.

**Q4. Can my broker vote my shares if I do not instruct him or her how to vote?**

Yes. If you are a beneficial owner of shares and you do not give instructions to your record holder, the record holder will be entitled to vote your shares in its discretion on discretionary items. Proposals 1 and 2 are considered to be discretionary items. Discretionary items are items considered routine.

**Q5. What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card without marking any voting selections, your Veeco shares will be voted **FOR** the election of all three nominees for director and **FOR** the ratification of the selection of Ernst & Young LLP as Veeco's independent registered public accounting firm for the fiscal year ending December 31, 2008. If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

**Q6. How do I revoke or change my vote?**

If you are a stockholder of record, you may revoke or change your vote by:

(1) *notifying* Veeco's transfer agent, American Stock Transfer and Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219, in writing at any time before the meeting;

(2) *submitting* a later-dated proxy; or

(3) *voting* in person at the meeting.

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The latest-dated, timely, properly completed proxy that you submit will count as your vote. If a vote has been recorded for your shares and you submit a proxy card that is not properly signed or dated, the previously recorded vote will stand.

If your shares are held in street name, consult the voting instructions provided by the organization holding your shares or contact such organization for instructions on how to revoke or change your vote.

**Q7. What is a quorum ?**

A quorum is a majority of the outstanding shares present at the meeting or represented by proxy. There must be a quorum for the meeting to be held. If you submit a timely, properly executed proxy or vote instruction card, then you will be considered part of the quorum, even if you abstain from voting. In addition, shares represented by proxies designated as broker non-votes will be counted for purposes of determining a quorum.

*Abstentions:* Abstentions are not counted in the tally of votes FOR or AGAINST a proposal. A WITHHELD vote is the same as an abstention. Abstentions and withheld votes are counted as shares present and entitled to be voted.

*Broker Non-Votes:* Broker non-votes occur when shares held by a broker or other nominee are not voted with respect to a proposal because (1) the broker has not received voting instructions from the stockholder, and (2) the broker lacks the authority to vote the shares at his/her discretion. Broker non-votes are not counted in the tally of votes FOR or AGAINST a proposal but are counted as shares present and entitled to be voted.

**Q8. How many votes are needed to approve each proposal?**

Directors are elected by a plurality of the votes cast at the meeting. The three nominees receiving the most FOR votes among votes properly cast at the meeting will be elected. Veeco's Bylaws provide that corporate action to be taken by stockholder vote, other than the election of directors, shall be authorized by a majority of the votes cast at a meeting of the stockholders at which a quorum is present. Therefore, to be approved, Proposal 2 must receive a FOR vote from a majority of the Veeco shares represented at the meeting.

**Q9. How will voting on any other business be conducted?**

Although we do not know of any business to be considered at the 2008 Annual Meeting other than the proposals described in this proxy statement, if any other business is presented at the Annual Meeting, your signed proxy or vote instruction card gives authority to John R. Peeler, Veeco's Chief Executive Officer, and John F. Rein, Jr., Veeco's Executive Vice President, Chief Financial Officer and Secretary, to vote on such matters at their discretion.

**Q10. Who will count the vote?**

A representative of American Stock Transfer and Trust Company, Veeco's transfer agent, will count the vote and act as the inspector of election.

**Q11.** How can I find out the results of the voting at the Annual Meeting?

**Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in Veeco's quarterly report on Form 10-Q for the second quarter of 2008.**

**Q12. Who can attend the Annual Meeting?**

All stockholders who owned shares on March 7, 2008 may attend.

**Q13. What does it mean if I get more than one proxy or vote instruction card?**

If your shares are registered in more than one name or in more than one account, you will receive more than one card. Please complete and return all of the proxy or vote instruction cards you receive to ensure that all of your shares are voted.

**Q14. If I received multiple copies of the proxy statement and annual report at my residence, what do I need to do to receive only one copy?**

With your consent and the consent of other shareholders in your household, we may send one set of the proxy statement and annual report to a household where two or more Veeco stockholders reside if we believe they are members of the same family. Each consenting stockholder would continue to receive a separate notice of annual meeting and proxy card. This procedure, referred to as householding, would reduce the volume of duplicate information you receive, and would also reduce the Company's printing and mailing costs. If you are an eligible stockholder and would like to receive only one copy of the proxy statement and annual report, please contact the Company by sending a written request to the Secretary, Veeco Instruments Inc., Terminal Drive, Plainview, NY 11803 or by calling 516-677-0200. Your consent will remain in effect until Veeco receives contrary instructions from you or other shareholders in your household. Should you revoke your consent, Veeco will begin sending individual copies of the annual report and proxy statement to you within thirty (30) days of your revocation. Also, if you would like to obtain a separate copy of the annual report or proxy statement, you may direct your request to the address above, or you may call 516-677-0200. If you hold your shares in street name, please contact your broker.

**Q15. I have Veeco shares that are held in street name, as do others in my household. We received only one copy of the proxy statement and annual report. What should I do if I would like additional copies of these materials?**

Some brokerage firms have instituted householding in connection with the delivery of annual reports and proxy statements (see the answer to Question 14). If your family holds Veeco shares in multiple brokerage accounts, you may have previously received householding notification from your broker or bank. If you wish to revoke your decision to household and thereby receive multiple proxy statements and annual reports, please contact your broker directly. If any shareholder residing at the same address would like additional copies of the proxy statement and annual report, please contact your broker or bank, or you may contact the Company by sending a written request to the Secretary, Veeco Instruments Inc., Terminal Drive, Plainview, NY 11803 or by calling 516-677-0200.

**Q16. When are stockholder proposals for the 2009 Annual Meeting due?**

To be considered for inclusion in next year's proxy statement, all stockholder proposals must be submitted *in writing* to the Secretary, Veeco Instruments Inc., Terminal Drive, Plainview, NY 11803 by November 27, 2008.

Additionally, Veeco's advance notice bylaw provisions require that any stockholder proposal to be presented from the floor of the 2009 Annual Meeting must be submitted in writing to Secretary, at the above address, by February 2, 2009, and must be accompanied by:

- the name, residence and business address of the proposing stockholder;
- a representation that the stockholder is a record holder of Veeco stock or holds Veeco stock through a broker and the number of shares held;

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- a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;
- any material interest of the stockholder in such business; and
- a representation that the stockholder intends to appear in person or by proxy at the 2009 Annual Meeting to present the proposal.



A proposal may be presented from the floor only after the chairman of the meeting has determined that it is a proper matter for consideration under our bylaws.

**Q17. What is Veeco's process for nominating director candidates?**

Veeco's Board of Directors is currently comprised of ten directors divided into three classes of Directors serving staggered three-year terms. Dr. Low, having reached 75 years of age before the date of the Annual Meeting, will not stand for re-election in accordance with the Company's Corporate Governance Guidelines. These guidelines provide that, in general, the Board believes that 75 is an appropriate retirement age for outside directors and will not nominate directors for re-election who are beyond 75 years of age. The Board has determined to reduce the size of the Board from ten to nine directors following Dr. Low's retirement. As a result, the number of directors following the Annual Meeting will be nine. One-third of Veeco's directors are elected each year by its stockholders at the annual meeting of stockholders. The Board of Directors is responsible for filling vacancies that may occur on the Board at any time during the year and for nominating director nominees to stand for election at the annual meeting of stockholders. The Nominating and Governance Committee of the Board of Directors reviews all potential director candidates, and recommends potential director candidates to the full Board. Director candidates may be identified by current directors of the Company, as well as by stockholders. The Nominating and Governance Committee is comprised entirely of independent directors, as defined by Nasdaq. In evaluating candidates, the Nominating and Governance Committee will consider the criteria and qualifications set forth in the committee's charter, which qualifications include personal integrity and honesty, sound business judgment, independence, background and business experience, willingness and capability to actively participate in Board and committee activities and potential conflicts of interest, as well as the factors described under "Director Qualification Standards" in Veeco's Corporate Governance Guidelines. In any particular situation, the committee may focus on persons possessing a particular background, experience or qualifications which the committee believes would be important to enhance the effectiveness of the Board. The full Board reviews and has final approval authority on all potential director candidates being recommended to the stockholders for election. The evaluation process for candidates recommended by stockholders is the same as for candidates from any other source. See the answer to Question 18 below regarding the process for stockholder nominations of director candidates.

**Q18. Can a stockholder nominate someone to be a director of Veeco?**

As a stockholder, you may recommend any person as a nominee for director of Veeco for consideration by the Nominating and Governance Committee by submitting the name and supporting information in writing to the Nominating and Governance Committee of the Board of Directors, c/o Secretary, Veeco Instruments Inc., Terminal Drive, Plainview, NY 11803. The recommending stockholder must meet the eligibility requirements for submitting a stockholder proposal for inclusion in that proxy statement, a written recommendation must be received by Veeco by November 27, 2008 and the written recommendation must contain the following:

- The candidate's name, age, address, principal occupation or employment, the number of shares of Common Stock such candidate beneficially owns, a brief description of any direct or indirect relationships with the Company, and the information that would be required in a proxy statement soliciting proxies for the election of the candidate as a director;
- A signed consent of the nominee to cooperate with reasonable background checks, requests for information and personal interviews and to serve as a director, if elected; and
- A description of all relationships or arrangements between the recommending stockholder and the candidate and any other person or persons (including their names) pursuant to which the recommendation is being made, as well as a list of all other companies that the stockholder has recommended the candidate to for election

as a director in that year.

**Q19. How can stockholders communicate with Veeco's Directors?**

Stockholders may address communications to one or more members of the Board (other than sales or employment-related communications) by letter addressed to the Secretary, Veeco Instruments Inc., Terminal Drive, Plainview, NY 11803. The Secretary will forward copies of all letters (other than sales or employment-related communications) to each Board member to whom they are addressed.

**Q20. How much will this proxy solicitation cost?**

Laurel Hill Advisory Group, LLC was hired by Veeco to assist in the distribution of proxy materials and the solicitation of votes for a fee of \$5,500, plus reimbursement of out-of-pocket expenses. The expense of soliciting proxies will be borne by Veeco. In addition, Veeco may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders. Laurel Hill may contact stockholders by mail, telephone, fax and personal interviews. Veeco has agreed to indemnify Laurel Hill against certain liabilities and expenses in connection with such solicitation, including liabilities under the federal securities laws. Some personal solicitations also may be made by directors, officers and employees of Veeco without special compensation, other than reimbursement for expenses.

**Q21. Who is soliciting my vote?**

Your vote is being solicited by the Board of Directors of Veeco Instruments Inc. for the 2008 Annual Meeting of Stockholders to be held on Friday, May 2, 2008 at 9:30 a.m.

## CORPORATE GOVERNANCE

Veeco's Board of Directors and management are committed to responsible corporate governance to ensure that Veeco is managed for the long-term benefit of its stockholders. To that end, the Board of Directors and management periodically review and update, as appropriate, Veeco's corporate governance policies and practices. In doing so, the Board and management review published guidelines and recommendations of institutional stockholder organizations and current best practices of similarly situated public companies. The Board and management also regularly evaluate and, when appropriate, revise Veeco's corporate governance policies and practices in accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and listing standards issued by the Securities and Exchange Commission (SEC) and The Nasdaq Stock Market, Inc. (Nasdaq).

### Corporate Governance Policies and Practices

Veeco has instituted a variety of policies and practices to foster and maintain corporate governance, including the following:

*Corporate Governance Guidelines* - Veeco adheres to written Corporate Governance Guidelines, adopted by the Board and reviewed by the Nominating and Governance Committee from time to time. The Corporate Governance Guidelines relate to director qualifications, conflicts of interest, succession planning, periodic board and committee self-assessment and other governance matters.

*Code of Business Conduct* - Veeco maintains written standards of business conduct applicable to all of its employees worldwide.

*Code of Ethics for Senior Officers* - Veeco maintains a Code of Ethics that applies to its Chief Executive Officer, President, Chief Financial Officer and Chief Accounting Officer.

*Director Education Policy* - Veeco has adopted a written policy under which it encourages directors to attend, and provides reimbursement for the cost of attending, director education programs. During the past three years, a majority of the Board has attended one or more director education programs accredited by Institutional Shareholder Services.

*Disclosure Policy* - Veeco maintains a written policy that applies to all of its employees with regard to the dissemination of information.

*Board Committee Charters* - Each of Veeco's Audit, Compensation, and Nominating and Governance Committee has a

written charter adopted by Veeco's Board that establishes practices and procedures for each committee in accordance with applicable corporate governance rules and regulations.

Copies of each of these documents can be found on the Company's website ([www.veeco.com](http://www.veeco.com)) via the Investors page. Veeco has agreed to adopt certain changes to its Corporate Governance Guidelines to be effective upon final settlement of the shareholder derivative action described in our Annual Report on Form 10-K for the year ended December 31, 2007 under Item 3 - Legal Proceedings. It is expected that the final settlement will occur during the first half of 2008. Veeco's website will be updated to reflect the new Corporate Governance Guidelines once they are effective.

### **Independence of the Board of Directors**

Veeco's Corporate Governance Guidelines provide that at least a majority of the Board of Directors must be independent in accordance with the Nasdaq listing standards. In addition, service on other boards must be consistent with Veeco's conflict of interest policy and the nature and time involved in such service is reviewed when evaluating suitability of individual directors for election.

*Independence of Current Directors.* Veeco's Board of Directors has determined that all of the directors are independent directors within the meaning of the applicable Nasdaq listing standards, except Mr. Peeler, the Company's Chief Executive Officer, and Mr. Braun, the Company's Chairman.

*Independence of Committee Members.* All members of each of Veeco's committees are required to be and are independent in accordance with the Nasdaq listing standards.

*Compensation Committee Interlocks and Insider Participation.* During 2007, none of Veeco's executive officers served on the board of directors of any entity whose executive officers served on Veeco's Compensation Committee. No current or past executive officers of Veeco serve on our Compensation Committee. During 2007, the members of our Compensation Committee were Messrs. D'Amore, Low (Chairman) and McDaniel.

*Board Access to Independent Advisors.* The Board members have full and free access to officers and employees of Veeco and are free to retain independent legal, financial or other advisors as the Board or a Committee deems necessary.