

# VEECO INSTRUMENTS INC

## FORM 8-K (Current report filing)

Filed 05/05/14 for the Period Ending 05/05/14

Address	TERMINAL DRIVE PLAINVIEW, NY 11803
Telephone	516 677-0200
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Symbol	VECO
SIC Code	3559 - Special Industry Machinery, Not Elsewhere Classified
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

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Date of Report (Date of earliest event reported): **May 5, 2014**

**VEECO INSTRUMENTS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-16244**  
(Commission  
File Number)

**11-2989601**  
(IRS Employer  
Identification No.)

**Terminal Drive, Plainview, New York 11803**  
(Address of principal executive offices)

**(516) 677-0200**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On May 5, 2014, Veeco Instruments Inc. issued a press release announcing its financial results for the quarter ended March 31, 2014. In connection with the release and the related conference call, Veeco posted a presentation relating to its first quarter 2014 financial results on its website (www.veeco.com). Copies of the press release and presentation are furnished as Exhibit 99.1 and Exhibit 99.2 to this report.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits .*

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued by Veeco dated May 5, 2014
99.2	Veeco Q1 2014 Conference Call, May 5, 2014

The information in this report, including the exhibits, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section, nor shall this information or these exhibits be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

May 5, 2014

**VEECO INSTRUMENTS INC.**

By: /s/ Gregory A. Robbins

Name: Gregory A. Robbins

Title: Senior Vice President and General Counsel

**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued by Veeco dated May 5, 2014
99.2	Veeco Q1 2014 Conference Call, May 5, 2014



NEWS

## FOR IMMEDIATE RELEASE

## VEECO REPORTS FIRST QUARTER 2014 FINANCIAL RESULTS

Plainview, NY, May 5, 2014 — Veeco Instruments Inc. (Nasdaq: VECO) announced its financial results for the first quarter ended March 31, 2014. Veeco reports its results on a U.S. generally accepted accounting principles (“GAAP”) basis, and also provides results excluding certain items. Please refer to the attached table for details of the reconciliation between GAAP operating results and Non-GAAP operating results.

Veeco’s first quarter GAAP results include a one-time gain of \$29 million from the reversal of Synos acquisition related contingency accruals since we determined that the post-closing milestones necessary to trigger such contingency payments were not expected to be achieved.

## GAAP Results (\$M except per share data)

	Q1 '14	Q1 '13
Revenues	\$ 90.8	\$ 61.8
Net income (loss)	\$ 19.2	\$ (10.1)
Per share income (loss)	\$ 0.48	\$ (0.26)

## Non-GAAP Results (\$M except per share data)

	Q1 '14	Q1 '13
Adjusted EBITA	\$ (2.7)	\$ (15.7)
Net income (loss)	\$ (2.4)	\$ (7.5)
Per share income (loss)	\$ (0.06)	\$ (0.19)

“Veeco’s first quarter top and bottom line performance improved meaningfully from the fourth quarter of last year,” commented John R. Peeler, Chairman and Chief Executive Officer. “We delivered \$91 million in revenue, up 24% from the fourth quarter of 2013, driven primarily by an increase in LED & Solar revenue to \$71 million (\$64 million in MOCVD). First quarter 2014 Data Storage revenues were \$20 million, up from \$17 million in the fourth quarter of 2013. EBITA loss was \$3 million, significantly improved from last quarter’s loss, benefiting from higher volume, an improvement in gross margins to 37%, and lower operating spending. As forecasted, our investments in next generation products and in our growth businesses caused cash to decline modestly during the quarter. Yet our cash and investments balance remains strong at \$483 million.”

Peeler continued, “Veeco’s first quarter 2014 orders improved by 21% from the fourth quarter of 2013 to \$103 million, the highest level we have reported in nearly two years. This increase was driven by a 59% sequential improvement in MOCVD orders to \$83 million, which represents the highest amount booked since the third quarter of 2011. Orders were received from top LED customers throughout Asia and elsewhere.” First quarter 2014 Data Storage and MBE orders each declined from the fourth quarter of 2013, to \$15 million and \$5 million, respectively.

Second Quarter 2014 Guidance and Outlook

Veeco’s second quarter 2014 revenue is currently forecasted to be between \$87 million and \$97 million. Earnings per share are currently forecasted to be between (\$0.46) to (\$0.36) on a GAAP basis, and (\$0.23) to (\$0.14) on a non-GAAP basis. Please refer to the attached financial table for more details.

Peeler commented, “ After a long downturn in our MOCVD business, LED fab utilization rates have improved to high levels at most key accounts and LED adoption is happening faster than many had expected. Our customers are

also reporting better market demand for LED backlighting products. It is encouraging to see that our leading customers are beginning to place orders for capacity expansions. We currently anticipate that Veeco's second quarter 2014 orders will be similar to or better than first quarter orders. Yet, the timing and magnitude of key customer expansions could cause MOCVD orders to be lumpy and somewhat unpredictable on a quarterly basis, and we lack the visibility to see into the second half of the year. We continue to invest in MOCVD product and technology development to further improve our customers' cost of ownership and manufacturing capability."

Peeler concluded "We are pleased to have made progress improving Veeco's profitability and remain focused on our strategy to turn around our performance: 1) developing and launching game-changing new products that enable cost effective LED lighting, flexible OLED encapsulation and other emerging technologies; 2) improving customer cost of ownership as well as our gross margins; 3) driving process improvement initiatives to make us more efficient; and 4) lowering expenses."

### **Conference Call Information**

A conference call reviewing these results has been scheduled for 5:00pm today. To join the call, dial 1-888-601-3862 (toll free) or 1-913-981-5524 and use passcode 5588173. The call will also be webcast live on the Veeco website at [www.veeco.com](http://www.veeco.com). A replay of the call will be available beginning at 8:00pm tonight through 8:00pm ET on May 19, 2014 at 888-203-1112 or 719-457-0820, using passcode 5588173, and on the Veeco website.

*We will post an accompanying slide presentation to our website prior to the beginning of the call.*

### **About Veeco**

Veeco's process equipment solutions enable the manufacture of LEDs, flexible OLEDs, solar cells, power electronics, hard drives, MEMS and wireless chips. We are the market leader in MOCVD, MBE, Ion Beam and other advanced thin film process technologies. Our high performance systems drive innovation in energy efficiency, consumer electronics and network storage and allow our customers to maximize productivity and achieve lower cost of ownership. For information on our company, products and worldwide service and support, please visit [www.veeco.com](http://www.veeco.com).

*To the extent that this news release discusses expectations or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made. These factors include the risks discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K for the year ended December 31, 2013 and in our subsequent quarterly reports on Form 10-Q, current reports on Form 8-K and press releases. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.*

*- financial tables attached-*

### **Veeco Contacts:**

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Media:  
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**Veeco Instruments Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	For the three months ended	
	March 31,	
	2014	2013
Net sales	\$ 90,841	\$ 61,781
Cost of sales	57,064	39,229
Gross profit	33,777	22,552
Operating expenses:		
Selling, general and administrative	21,667	19,648
Research and development	19,768	20,737
Amortization	2,903	856
Restructuring	392	531
Total operating expenses	44,730	41,772
Other operating, net	(212)	404
Changes in contingent consideration	(29,368)	—
Operating income (loss)	18,627	(19,624)
Interest income (expense), net	164	192
Income (loss) before income taxes	18,791	(19,432)
Income tax provision (benefit)	(369)	(9,361)
Net income (loss)	\$ 19,160	\$ (10,071)
Income (loss) per common share:		
Basic:		
Income (loss)	\$ 0.49	\$ (0.26)
Diluted:		
Income (loss)	\$ 0.48	\$ (0.26)
Weighted average shares outstanding:		
Basic	39,177	38,716
Diluted	39,937	38,716

**Veeco Instruments Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

	March 31, 2014 (Unaudited)	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 214,682	\$ 210,799
Short-term investments	267,402	281,538
Restricted cash	764	2,738
Accounts receivable, net	50,720	23,823
Inventories	52,073	59,726
Prepaid expenses and other current assets	28,767	23,303
Deferred income taxes	10,796	11,716
Total current assets	<u>625,204</u>	<u>613,643</u>
Property, plant and equipment at cost, net	86,912	89,139
Goodwill	91,348	91,348
Deferred income taxes	397	397
Intangible assets, net	111,814	114,716
Other assets	38,882	38,726
Total assets	<u>\$ 954,557</u>	<u>\$ 947,969</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 28,293	\$ 35,755
Accrued expenses and other current liabilities	38,065	51,084
Customer deposits and deferred revenue	41,171	34,754
Income taxes payable	5,538	6,149
Deferred income taxes	159	159
Current portion of long-term debt	296	290
Total current liabilities	<u>113,522</u>	<u>128,191</u>
Deferred income taxes	26,325	28,052
Long-term debt	1,771	1,847
Other liabilities	498	9,649
Total liabilities	<u>142,116</u>	<u>167,739</u>
Equity	<u>812,441</u>	<u>780,230</u>
Total liabilities and equity	<u>\$ 954,557</u>	<u>\$ 947,969</u>

**Veeco Instruments Inc. and Subsidiaries**  
**Reconciliation of GAAP to non-GAAP results**  
(In thousands, except per share data)  
(Unaudited)

	For the three months ended March 31,	
	2014	2013
<b>Adjusted EBITA</b>		
Operating income (loss)	\$ 18,627	\$ (19,624)
Non-GAAP adjustments:		
Amortization	2,903	856
Equity-based compensation	4,722	2,579
Restructuring	392	531
Changes in contingent consideration	(29,368)	—
Earnings before interest, income taxes and amortization excluding certain items (“Adjusted EBITA”)	\$ (2,724)	\$ (15,658)
<b>Non-GAAP Net Income (Loss)</b>		
Net income (loss) (GAAP basis)	\$ 19,160	\$ (10,071)
Non-GAAP adjustments:		
Amortization	2,903	856
Equity-based compensation	4,722	2,579
Restructuring	392	531
Changes in contingent consideration	(29,368)	—
Income tax effect of non-GAAP adjustments	(192)	(1,372)(1)
Non-GAAP net income (loss)	\$ (2,383)	\$ (7,477)
Non-GAAP earnings (loss) per diluted share excluding certain items (“Non-GAAP EPS”)	\$ (0.06)	\$ (0.19)
Diluted weighted average shares outstanding	39,177	38,716

(1) The Company utilized the with and without method to determine the income tax effect of non-GAAP adjustments.

**NOTE - This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States (“GAAP”), and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on adjusted EBITA, which is the primary indicator used to plan and forecast future periods. The presentation of this financial measure facilitates meaningful comparison with prior periods, as management of the Company believes adjusted EBITA reports baseline performance and thus provides useful information.**

**Veeco Instruments Inc. and Subsidiaries**  
**Segment Bookings, Revenues, and Reconciliation**  
**of Operating Income (Loss) to Adjusted EBITA**  
(In thousands)  
(Unaudited)

	For the three months ended March 31,	
	2014	2013
<b>LED &amp; Solar</b>		
Bookings	\$ 87,138	\$ 42,714
Revenues	\$ 70,755	\$ 42,307
Operating income (loss)	\$ 26,576	\$ (12,887)
Amortization	2,579	532
Equity-based compensation	2,173	710
Restructuring	164	423
Changes in contingent consideration	(29,368)	—
Adjusted EBITA	\$ 2,124	\$ (11,222)
<b>Data Storage</b>		
Bookings	\$ 15,437	\$ 27,692
Revenues	\$ 20,086	\$ 19,474
Operating income (loss)	\$ (1,899)	\$ (129)
Amortization	324	324
Equity-based compensation	699	130
Restructuring	228	50
Adjusted EBITA	\$ (648)	\$ 375
<b>Unallocated Corporate</b>		
Operating income (loss)	\$ (6,050)	\$ (6,608)
Equity-based compensation	1,850	1,739
Restructuring	—	58
Adjusted EBITA	\$ (4,200)	\$ (4,811)
<b>Total</b>		
Bookings	\$ 102,575	\$ 70,406
Revenues	\$ 90,841	\$ 61,781
Operating income (loss)	\$ 18,627	\$ (19,624)
Amortization	2,903	856
Equity-based compensation	4,722	2,579
Restructuring	392	531
Changes in contingent consideration	(29,368)	—
Adjusted EBITA	\$ (2,724)	\$ (15,658)

**Veeco Instruments Inc. and Subsidiaries**  
**Reconciliation of GAAP to non-GAAP results**  
(In thousands, except per share data)  
(Unaudited)

	Guidance for the three months ending June 30, 2014	
	LOW	HIGH
<b>Adjusted EBITA</b>		
Operating income	\$ (19,120)	\$ (15,148)
Adjustments:		
Amortization	2,931	2,931
Equity-based compensation	5,340	5,340
Restructuring	663	663
Earnings before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	\$ (10,186)	\$ (6,214)
<b>Non-GAAP Net Income</b>		
Net income (loss) (GAAP basis)	\$ (18,234)	\$ (14,424)
Non-GAAP adjustments:		
Amortization	2,931	2,931
Equity-based compensation	5,340	5,340
Restructuring	663	663
Income tax effect of non-GAAP adjustments	104	(81)(1)
Non-GAAP net income (loss)	\$ (9,196)	\$ (5,571)
Non-GAAP earnings per diluted share excluding certain items ("Non-GAAP EPS")	\$ (0.23)	\$ (0.14)
Diluted weighted average shares outstanding	39,720	39,720

(1) The Company utilizes the with and without method to determine the income tax effect of non-GAAP adjustments.

**NOTE - This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States ("GAAP"), and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on adjusted EBITA, which is the primary indicator used to plan and forecast future periods. The presentation of this financial measure facilitates meaningful comparison with prior periods, as management of the Company believes adjusted EBITA reports baseline performance and thus provides useful information.**



## Q1 2014 Conference Call

Innovation.  
Performance.  
Brilliant.

May 5, 2014

# Safe Harbor

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To the extent that this presentation discusses expectations or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made.

These items include the risk factors discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K for the year ended December 31, 2013 and subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.



John Peeler  
Chairman & CEO

**Introduction**

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# A Better Start to the Year

**Q1 Revenue up 24%  
sequentially to \$91M**

*Improvement in MOCVD business  
drives revenue growth*

**Q1 Orders up 21%  
sequentially to  
\$103M**

*Best MOCVD order quarter since  
Q3 2011*

**Cash and Short Term  
Investments  
\$483M**

*Used cash in Q1, but balance  
sheet remains very strong*



**Dave Glass, CFO**  
**Financial Highlights**

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# Q1 2014 vs. Q4 2013

	Q1 2014	Q4 2013
Revenue	\$91M	\$73M
GM	37%	21%
OPEX*	\$41M	\$48M

## GAAP Results\*\*

	Q1 2014	Q4 2013
Income (loss)	\$19M	(\$22M)
GAAP-EPS	\$0.48	(\$0.57)

## Non-GAAP Results

	Q1 2014	Q4 2013
Adj. EBITA	(\$3M)	(\$27M)
Non-GAAP EPS	(\$0.06)	(\$0.42)

**Performance improves on higher volume, better margins and lower OPEX**

\*Excludes amortization and restructuring.

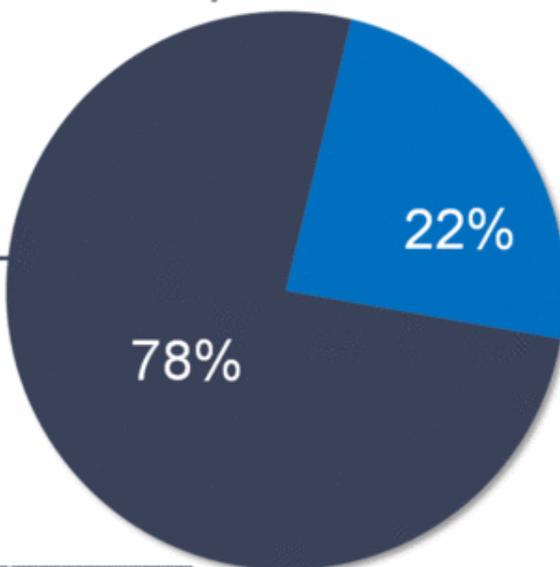
\*\*Includes \$29M gain resulting from reversal of Synos acquisition related contingency accruals.  
See financial tables for further details.

# Revenue Highlights - Q1 2014

Total Revenue:  
**\$91M**

LED & Solar  
**~\$71M**

MOCVD \$64M; up  
28% sequentially  
MBE \$7M



Data Storage  
**~\$20M**

Data Storage up  
20% sequentially

(\$M)	Q1 14	Q4 13
Adj EBITA	\$2.1M	(\$16.5M)

(\$M)	Q1 14	Q4 13
Adj EBITA	(\$.6M)	(\$3.1M)

# Order Highlights - Q1 2014

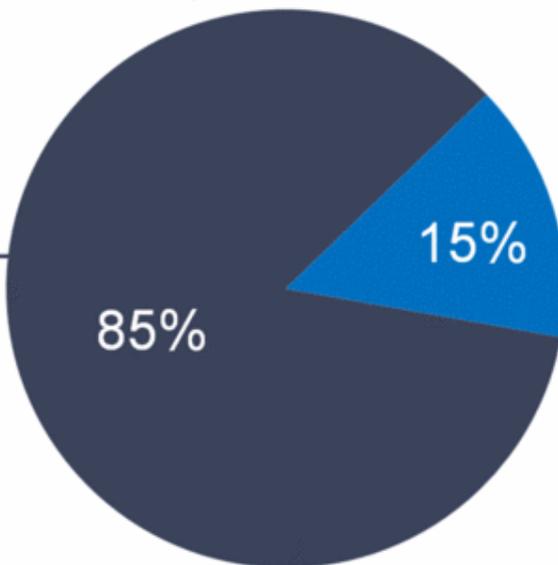
Total Bookings:  
**\$103M**

**LED & Solar**  
**~\$87M**

MOCVD at \$83M; up  
59% sequentially

MBE \$5M; down 59%  
sequentially

No ALD orders



**Data Storage**  
**~\$15M**

Down 29%  
sequentially;  
continued lack of  
capacity buys

# Strong Balance Sheet

	3/31/14	12/31/13
Cash & Short-term Investments*	\$483M	\$495M
Accounts Receivable	\$51M	\$24M
Inventory	\$52M	\$60M
Fixed Assets, Net	\$87M	\$89M
Total Assets	\$955M	\$948M
Long-term Debt (including current portion)	\$2M	\$2M
Equity	\$812M	\$780M

\$12M decline in cash

Accounts receivable increased due to timing of billings in the quarter

Inventory declined to \$52M with turns of 4.4x

\*Includes \$0.8 million of restricted cash as of 3/31/14 and \$2.7 million as of 12/31/13.

# Q2 2014 Guidance

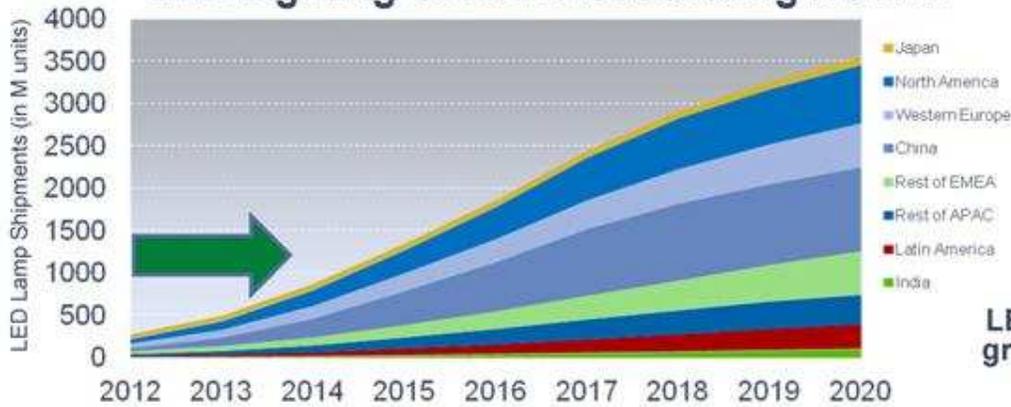
	Q2 2014
Orders	Similar to or better than Q1
Revenue	\$87-97M
Gross Margins	30-32%
OPEX (Includes equity compensation and excludes amortization)	\$42-43M
GAAP EPS	(\$0.46)-(\$0.36)
Non-GAAP EPS	(\$0.23)-(\$0.14)



**Business Update  
and Outlook**

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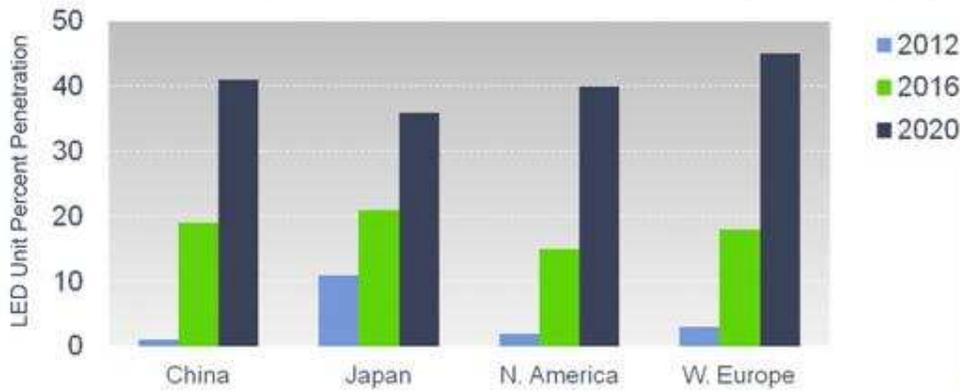
## LED Lighting Growth Accelerating NOW...



**Nearly  
40%  
CAGR**

LED lighting expected to grow at a CAGR of 37.7% from 2012 to 2020

## ...As Lower Bulb Prices and Incandescent Bans Drive Adoption



LED unit penetration expected to reach **15-20%** in key geographies by 2016; **~40%** by 2020

Source: IHS Research Q1 2014

# LED Fab Utilization Rates High and Stable



# LED ADOPTION

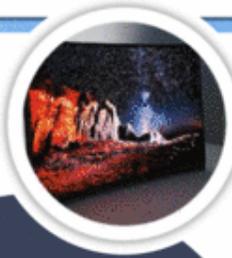


Running faster than many have anticipated

- Market being driven by mid-power LED growth
- Further improvements in MOCVD cost-of-ownership and technology on the way
- Uncertain timing and magnitude of MOCVD deals

# Pursuing Multiple ALD Growth Opportunities

**OLED Mobile**  
**\$200-400M**  
**TAM**



**OLED TV and Lighting**  
**>\$200M TAM**



**Energy Storage**  
**>\$100M TAM**



**Solar and Other**  
**>\$200M TAM**



**Semiconductor**  
**>\$200M TAM**

**Making Significant R&D Investments to Drive Flexible OLED and Adjacent Market Opportunities**

# Veeco's Top Priorities

- Developing and launching game changing new products
- Improving customers' cost of ownership as well as our gross margins
- Driving process improvement initiatives
- Lowering expenses

**Transition to Profitable Growth**



## Q&A Session

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Performance.  
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**Financial Tables  
and  
Reconciliation**

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**Veeco Instruments Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	For the three months ended	
	<u>March 31,</u>	
	<u>2014</u>	<u>2013</u>
Net sales	\$ 90,841	\$ 61,781
Cost of sales	<u>57,064</u>	<u>39,229</u>
Gross profit	33,777	22,552
Operating expenses:		
Selling, general and administrative	21,667	19,648
Research and development	19,768	20,737
Amortization	2,903	856
Restructuring	<u>392</u>	<u>531</u>
Total operating expenses	44,730	41,772
Other operating, net	(212)	404
Changes in contingent consideration	<u>(29,368)</u>	<u>-</u>
Operating income (loss)	18,627	(19,624)
Interest income (expense), net	<u>164</u>	<u>192</u>
Income (loss) before income taxes	18,791	(19,432)
Income tax provision (benefit)	<u>(369)</u>	<u>(9,361)</u>
Net income (loss)	<u>\$ 19,160</u>	<u>\$ (10,071)</u>
Income (loss) per common share:		
Basic:		
Income (loss)	<u>\$ 0.49</u>	<u>\$ (0.26)</u>
Diluted:		
Income (loss)	<u>\$ 0.48</u>	<u>\$ (0.26)</u>
Weighted average shares outstanding:		
Basic	39,177	38,716
Diluted	39,937	38,716

**Veeco Instruments Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

	<b>March 31,</b> <b>2014</b>	<b>December 31,</b> <b>2013</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 214,682	\$ 210,799
Short-term investments	267,402	281,538
Restricted cash	764	2,738
Accounts receivable, net	50,720	23,823
Inventories	52,073	59,728
Prepaid expenses and other current assets	28,767	23,303
Deferred income taxes	<u>10,796</u>	<u>11,716</u>
<b>Total current assets</b>	<b>625,204</b>	<b>613,643</b>
Property, plant and equipment at cost, net	86,912	89,139
Goodwill	91,348	91,348
Deferred income taxes	397	397
Intangible assets, net	111,814	114,716
Other assets	<u>38,882</u>	<u>38,726</u>
<b>Total assets</b>	<b>\$ 954,557</b>	<b>\$ 947,969</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 28,293	\$ 35,755
Accrued expenses and other current liabilities	38,065	51,084
Customer deposits and deferred revenue	41,171	34,754
Income taxes payable	5,538	6,149
Deferred income taxes	159	159
Current portion of long-term debt	<u>296</u>	<u>290</u>
<b>Total current liabilities</b>	<b>113,522</b>	<b>128,191</b>
Deferred income taxes	26,325	28,052
Long-term debt	1,771	1,847
Other liabilities	<u>498</u>	<u>9,649</u>
<b>Total liabilities</b>	<b>142,116</b>	<b>167,739</b>
Equity	<u>812,441</u>	<u>780,230</u>
<b>Total liabilities and equity</b>	<b>\$ 954,557</b>	<b>\$ 947,969</b>

Veeco Instruments Inc. and Subsidiaries  
Reconciliation of GAAP to non-GAAP results  
(In thousands, except per share data)  
(Unaudited)

For the three months ended  
March 31,

	2014	2013
<b>Adjusted EBITA</b>		
Operating income (loss)	\$ 18,627	\$ (19,624)
Non-GAAP adjustments:		
Amortization	2,903	856
Equity-based compensation	4,722	2,579
Restructuring	392	531
Changes in contingent consideration	(29,368)	-
Earnings before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	\$ (2,724)	\$ (15,658)
<b>Non-GAAP Net Income (Loss)</b>		
Net income (loss) (GAAP basis)	\$ 19,160	\$ (10,071)
Non-GAAP adjustments:		
Amortization	2,903	856
Equity-based compensation	4,722	2,579
Restructuring	392	531
Changes in contingent consideration	(29,368)	-
Income tax effect of non-GAAP adjustments	(192)	(1,372) (1)
Non-GAAP net income (loss)	\$ (2,383)	\$ (7,477)
Non-GAAP earnings (loss) per diluted share excluding certain items ("Non-GAAP EPS")	\$ (0.06)	\$ (0.19)
Diluted weighted average shares outstanding	39,177	38,716

(1) The Company utilized the with and without method to determine the income tax effect of non-GAAP adjustments.

NOTE - This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States ("GAAP"), and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on adjusted EBITA, which is the primary indicator used to plan and forecast future periods. The presentation of this financial measure facilitates meaningful comparison with prior periods, as management of the Company believes adjusted EBITA reports baseline performance and thus provides useful information.

Veeco Instruments Inc. and Subsidiaries  
Segment Bookings, Revenues, and Reconciliation  
of Operating Income (Loss) to Adjusted EBITA  
(In thousands)  
(Unaudited)

	For the three months ended March 31,	
	2014	2013
<b>LED &amp; Solar</b>		
Bookings	\$ 87,138	\$ 42,714
Revenues	\$ 70,755	\$ 42,307
Operating income (loss)	\$ 26,576	\$ (12,887)
Amortization	2,579	532
Equity-based compensation	2,173	710
Restructuring	164	423
Changes in contingent consideration	(29,368)	-
Adjusted EBITA	\$ 2,124	\$ (11,222)
<b>Data Storage</b>		
Bookings	\$ 15,437	\$ 27,692
Revenues	\$ 20,086	\$ 19,474
Operating income (loss)	\$ (1,899)	\$ (129)
Amortization	324	324
Equity-based compensation	699	130
Restructuring	228	50
Adjusted EBITA	\$ (648)	\$ 375
<b>Unallocated Corporate</b>		
Operating income (loss)	\$ (6,050)	\$ (6,608)
Equity-based compensation	1,850	1,739
Restructuring	-	58
Adjusted EBITA	\$ (4,200)	\$ (4,811)
<b>Total</b>		
Bookings	\$ 102,575	\$ 70,406
Revenues	\$ 90,841	\$ 61,781
Operating income (loss)	\$ 18,627	\$ (19,624)
Amortization	2,903	856
Equity-based compensation	4,722	2,579
Restructuring	392	531
Changes in contingent consideration	(29,368)	-
Adjusted EBITA	\$ (2,724)	\$ (15,658)

Veeco Instruments Inc. and Subsidiaries  
 Reconciliation of GAAP to non-GAAP results  
 (In thousands, except per share data)  
 (Unaudited)

Guidance for  
 the three months ending  
 June 30, 2014  
LOW                      HIGH

<b>Adjusted EBITA</b>	<u>LOW</u>	<u>HIGH</u>
Operating income	\$ (19,120)	\$ (15,148)
Adjustments:		
Amortization	2,931	2,931
Equity-based compensation	5,340	5,340
Restructuring	663	663
Earnings before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	\$ (10,186)	\$ (6,214)
<b>Non-GAAP Net Income</b>		
Net income (loss) (GAAP basis)	\$ (18,234)	\$ (14,424)
Non-GAAP adjustments:		
Amortization	2,931	2,931
Equity-based compensation	5,340	5,340
Restructuring	663	663
Income tax effect of non-GAAP adjustments	104	(81) (1)
Non-GAAP net income (loss)	\$ (9,196)	\$ (5,571)
Non-GAAP earnings per diluted share excluding certain items ("Non-GAAP EPS")	\$ (0.23)	\$ (0.14)
Diluted weighted average shares outstanding	39,720	39,720

(1) The Company utilizes the with and without method to determine the income tax effect of non-GAAP adjustments.

NOTE - This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States ("GAAP"), and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on adjusted EBITA, which is the primary indicator used to plan and forecast future periods. The presentation of this financial measure facilitates meaningful comparison with prior periods, as management of the Company believes adjusted EBITA reports baseline performance and thus provides useful information.