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

FORM 8-K

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

Date of Report (Date of earliest event reported): **August 3, 2015**

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))
-
-
-

Item 2.02 Results of Operations and Financial Condition.

On August 3, 2015, Veeco Instruments Inc. issued a press release announcing its financial results for the quarter ended June 30, 2015. In connection with the release and the related conference call, Veeco posted a presentation relating to its second quarter 2015 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 August 3, 2015
99.2	Veeco Q2 2015 Conference Call, August 3, 2015

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.

August 3, 2015

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 August 3, 2015
99.2	Veeco Q2 2015 Conference Call, August 3, 2015



NEWS

VEECO REPORTS SECOND QUARTER 2015 FINANCIAL RESULTS

Company delivered top line growth while improving profitability:

- Achieved revenue of \$131.4 million, an increase of 38% compared with the same period last year
- Increased Non-GAAP Adjusted EBITDA to \$12.8 million or ~10% of revenue
- Narrowed GAAP loss to (\$0.21) per diluted share
- Grew Non-GAAP earnings to \$0.20 per diluted share
- Generated \$7.7 million in cash from operations

Plainview, N.Y., August 3, 2015 — Veeco Instruments Inc. (Nasdaq: VECO) announced financial results for its second fiscal quarter ended June 30, 2015. Results are reported in accordance with U.S. generally accepted accounting principles (“GAAP”) and are also reported adjusting for certain items (“Non-GAAP”). A reconciliation between GAAP and Non-GAAP operating results is provided at the end of this press release.

U.S. Dollars in millions, except per share data

GAAP Results	Q2 '15		Q2 '14	
Revenue	\$	131.4	\$	95.1
Net income (loss)	\$	(8.4)	\$	(15.2)
Diluted earnings (loss) per share	\$	(0.21)	\$	(0.39)
Non-GAAP Results	Q2 '15		Q2 '14	
Adjusted EBITDA	\$	12.8	\$	(4.1)
Net income (loss)	\$	8.4	\$	(6.1)
Diluted earnings (loss) per share	\$	0.20	\$	(0.16)

“We delivered solid second quarter results, achieving financial performance in line with our expectations across all P&L guided metrics. Revenue grew by ~38% year-over-year and adjusted EBITDA increased to nearly 10% of revenue. These results illustrate our continued focus on driving growth and operational execution,” commented John R. Peeler, Chairman and Chief Executive Officer.

“Our top line growth has been fueled by the rapid adoption of our TurboDisc® EPIK™ 700 MOCVD system. This latest generation product offers lower cost of ownership for our customers and improved margin contribution for Veeco, as compared with prior generation tools. We have now successfully demonstrated the tool’s capabilities across multiple customers, which enabled us to begin recognizing revenue upon shipment towards the end of the second quarter.

“Our Precision Surface Processing (PSP) business is performing exceptionally well and demand for these products remains healthy. Our differentiated and highly flexible process technology is well established in the broader MEMS market and gaining momentum in the Advanced Packaging space,” Mr. Peeler concluded.

Guidance and Outlook

The following guidance is provided for Veeco's third fiscal quarter 2015:

- Revenue is expected to be in the range of \$135 million to \$160 million
- Adjusted EBITDA is expected to be in the range of \$14 million to \$24 million
- GAAP earnings (loss) per share are expected to be in the range of (\$0.05) to \$0.19
- Non-GAAP earnings (loss) per share are expected to be in the range of \$0.22 to \$0.40

Please refer to the table at the end of this press release for further details.

Conference Call Information

A conference call reviewing these results has been scheduled for today, August 3, 2015 starting at 5:00pm ET. To join the call, dial 1-888-254-2798 (toll free) or 1-913-312-0966 and use passcode 5787629. The call will also be webcast live on the Veeco website at ir.veeco.com. A replay of the webcast will be made available on the Veeco website beginning at 8:00pm ET this evening. **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 OLED displays, power electronics, compound semiconductors, hard disk drives, semiconductors, MEMS and wireless chips. We are the leader in MOCVD, MBE, Ion Beam, Wet Etch single wafer processing 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.

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, 2014 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:

Investors:
Shanye Hudson 516-677-0200 x1272
shudson@veeco.com

Media:
Jeffrey Pina 516-677-0200 x1222
jpina@veeco.com

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net sales	\$ 131,410	\$ 95,122	\$ 229,751	\$ 185,963
Cost of sales	82,341	64,449	145,545	121,513
Gross profit	<u>49,069</u>	<u>30,673</u>	<u>84,206</u>	<u>64,450</u>
Operating expenses, net:				
Selling, general, and administrative	24,365	21,891	47,247	43,558
Research and development	20,119	21,011	38,704	40,779
Amortization	7,979	2,899	15,941	5,802
Restructuring	683	801	3,040	1,193
Asset impairment	—	—	126	—
Changes in contingent consideration	—	—	—	(29,368)
Other, net	(51)	(158)	(1,002)	(370)
Total operating expenses, net	<u>53,095</u>	<u>46,444</u>	<u>104,056</u>	<u>61,594</u>
Operating income (loss)	<u>(4,026)</u>	<u>(15,771)</u>	<u>(19,850)</u>	<u>2,856</u>
Interest income, net	119	72	280	236
Income (loss) before income taxes	<u>(3,907)</u>	<u>(15,699)</u>	<u>(19,570)</u>	<u>3,092</u>
Income tax expense (benefit)	4,479	(488)	7,926	(857)
Net income (loss)	<u>\$ (8,386)</u>	<u>\$ (15,211)</u>	<u>\$ (27,496)</u>	<u>\$ 3,949</u>
Income (loss) per common share:				
Basic	\$ (0.21)	\$ (0.39)	\$ (0.69)	\$ 0.10
Diluted	\$ (0.21)	\$ (0.39)	\$ (0.69)	\$ 0.10
Weighted average number of shares:				
Basic	39,693	39,379	39,666	39,275
Diluted	39,693	39,379	39,666	40,061

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

	<u>June 30, 2015</u> (unaudited)	<u>December 31, 2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 313,853	\$ 270,811
Short-term investments	82,397	120,572
Restricted cash	—	539
Accounts receivable, net	83,098	60,085
Inventories	63,564	61,471
Deferred cost of sales	24,384	5,076
Prepaid expenses and other current assets	25,976	23,132
Assets held for sale	6,000	6,000
Deferred income taxes	6,479	7,976
Total current assets	<u>605,751</u>	<u>555,662</u>
Property, plant and equipment, net	80,002	78,752
Goodwill	115,256	114,959
Deferred income taxes	1,180	1,180
Intangible assets, net	143,367	159,308
Other assets	20,325	19,594
Total assets	<u>\$ 965,881</u>	<u>\$ 929,455</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 46,159	\$ 18,111
Accrued expenses and other current liabilities	39,343	48,418
Customer deposits and deferred revenue	128,553	96,004
Income taxes payable	7,750	5,441
Deferred income taxes	120	120
Current portion of long-term debt	327	314
Total current liabilities	<u>222,252</u>	<u>168,408</u>
Deferred income taxes	15,779	16,397
Long-term debt	1,367	1,533
Other liabilities	6,183	4,185
Total liabilities	<u>245,581</u>	<u>190,523</u>
Total stockholders' equity	<u>720,300</u>	<u>738,932</u>
Total liabilities and stockholders' equity	<u>\$ 965,881</u>	<u>\$ 929,455</u>

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

Three months ended June 30, 2015	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-based Compensation	Acquisition Related	Other	
Net sales	\$ 131,410	\$ —	\$ —	\$ —	\$ 131,410
Cost of sales	82,341	(713)	—	—	81,628
Gross profit	49,069	713	—	—	49,782
Gross margin	37.3%				37.9%
Operating expenses, net:					
Selling, general, and administrative	24,365	(3,112)	(188)	—	21,065
Research and development	20,119	(1,096)	—	—	19,023
Amortization	7,979	—	(7,979)	—	—
Restructuring	683	—	—	(683)	—
Other, net	(51)	—	—	—	(51)
Total operating expenses, net	53,095	(4,208)	(8,167)	(683)	40,037
Operating income (loss)	(4,026)	4,921	8,167	683	9,745
Interest income, net	119	—	—	—	119
Income (loss) before income taxes	(3,907)	4,921	8,167	683	9,864
Income tax expense (benefit)	4,479	—	—	(2,996)	1,483*
Net income (loss)	\$ (8,386)	\$ 4,921	\$ 8,167	\$ 3,679	\$ 8,381
Income (loss) per common share:					
Basic earnings per share	\$ (0.21)				\$ 0.21
Diluted earnings per share	\$ (0.21)				\$ 0.20
Weighted average number of shares:					
Basic shares	39,693				40,790
Diluted shares	39,693				40,960
Non-GAAP operating income					\$ 9,745
Depreciation					3,022
Adjusted EBITDA					\$ 12,767

Note: Amounts may not calculate precisely due to rounding.

* The 'with or without' method is utilized to determine the income tax effect of the non-GAAP adjustments.

This table includes financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These Non-GAAP financial measures exclude items such as: share-based compensation expense; nonrecurring charges relating to restructuring initiatives, non-cash asset impairments, certain other non-operating gains and losses, and acquisition-related items such as one-time transaction costs, non-cash amortization of acquired intangible assets, incremental nonrecurring compensation, and the stepped-up cost of sales associated with the purchase accounting of acquired inventory.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including adjusted EBITDA, which is used to determine management incentive compensation as well as forecast future periods. These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting. Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in this news release to their most directly comparable GAAP financial measures.

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

Three months ended June 30, 2014	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-based Compensation	Acquisition Related	Other	
Net sales	\$ 95,122	\$ —	\$ —	\$ —	\$ 95,122
Cost of sales	64,449	(620)	—	—	63,829
Gross profit	30,673	620	—	—	31,293
Gross margin	32.2%				32.9%
Operating expenses:					
Selling, general, and administrative	21,891	(3,325)	—	—	18,566
Research and development	21,011	(1,147)	—	—	19,864
Amortization	2,899	—	(2,899)	—	—
Restructuring	801	—	—	(801)	—
Other, net	(158)	—	—	—	(158)
Total operating expenses, net	46,444	(4,471)	(2,899)	(801)	38,273
Operating income (loss)	(15,771)	5,091	2,899	801	(6,980)
Interest income, net	72	—	—	—	72
Income (loss) before income taxes	(15,699)	5,091	2,899	801	(6,908)
Income tax provision (benefit)					
	(488)	—	—	(312)	(800*)
Net income (loss)	\$ (15,211)	\$ 5,091	\$ 2,899	\$ 1,113	\$ (6,108)
Income (loss) per common share:					
Basic earnings per share	\$ (0.39)				\$ (0.16)
Diluted earnings per share	\$ (0.39)				\$ (0.16)
Weighted average number of shares:					
Basic shares	39,379				39,379
Diluted shares	39,379				39,379
Non-GAAP operating income					\$ (6,980)
Depreciation					2,930
Adjusted EBITDA					\$ (4,050)

Note: Amounts may not calculate precisely due to rounding.

* The 'with or without' method is utilized to determine the income tax effect of the non-GAAP adjustments.

This table includes financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These Non-GAAP financial measures exclude items such as: share-based compensation expense; nonrecurring charges relating to restructuring initiatives, non-cash asset impairments, certain other non-operating gains and losses, and acquisition-related items such as one-time transaction costs, non-cash amortization of acquired intangible assets, incremental nonrecurring compensation, and the stepped-up cost of sales associated with the purchase accounting of acquired inventory.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including adjusted EBITDA, which is used to determine management incentive compensation as well as forecast future periods. These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting. Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in this news release to their most directly comparable GAAP financial measures.

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(In millions, except per share data)
(Unaudited)

Guidance for the three months ended September 30, 2015	GAAP		Non-GAAP Adjustments			Non-GAAP	
			Share-based Compensation	Acquisition Related	Other		
Net sales	\$ 135	- \$ 160	\$ —	\$ —	\$ —	\$ 135	- \$ 160
Gross profit	50	- 62	1	—	—	51	- 63
Gross margin	37.0%	- 39.0%				37.5%	- 39.5%
Operating income	(1)	- 9	6	6	—	11	- 21
Depreciation						3	3
Adjusted EBITDA						\$ 14	- \$ 24
Net income (loss)	(2)	- 8	6	6	(1) - (3)*	9	- 17
Income (loss) per diluted common share	\$ (0.05)	- \$ 0.19				\$ 0.22	- \$ 0.40
Weighted average number of shares	40	41				41	41

Note: Amounts may not calculate precisely due to rounding.

* Primarily relates to the income tax effect of the non-GAAP adjustments utilizing the 'with or without' method.

This table includes financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These Non-GAAP financial measures exclude items such as: share-based compensation expense; nonrecurring charges relating to restructuring initiatives, non-cash asset impairments, certain other non-operating gains and losses, and acquisition-related items such as one-time transaction costs, non-cash amortization of acquired intangible assets, incremental nonrecurring compensation, and the stepped-up cost of sales associated with the purchase accounting of acquired inventory.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including adjusted EBITDA, which is used to determine management incentive compensation as well as forecast future periods. These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting. Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in this news release to their most directly comparable GAAP financial measures.



Q2 2015 Conference Call

Veeco Instruments

August 3, 2015

Safe Harbor

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, 2014 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.



CEO Introduction
John Peeler

Q2 2015 Financial Performance



Bookings **\$124M**

Revenue **\$131M**

Non-GAAP Gross Margin* **38%**

Adjusted EBITDA **\$12.8M**

Non-GAAP Diluted EPS* **\$0.20**

Cash Stable at **\$396M**

* A reconciliation of GAAP to Non-GAAP financial measures is contained in Back Up & Reconciliation Tables



CFO Financial Review
Sam Maheshwari

P&L Highlights (Non-GAAP)

(\$M)	Q2 14	Q3 14	Q4 14*	Q1 15	Q2 15
Revenue	\$95.1	\$93.3	\$113.6	\$98.3	\$131.4
Gross Profit	31.3	33.2	43.7	37.0	49.8
%	32.9%	35.5%	38.5%	37.7%	37.9%
SG&A**	18.4	18.9	18.9	19.1	21.0
R&D	19.9	18.9	19.2	18.0	19.0
OPEX	38.3	37.8	38.1	37.1	40.0
%	40.2%	40.5%	33.6%	37.7%	30.5%
Adjusted EBITDA	(4.1)	(1.8)	8.3	2.7	12.8
%	-4.3%	-1.9%	7.3%	2.7%	9.7%
Non-GAAP EPS	(\$0.16)	(\$0.02)	\$0.13	(\$0.01)	\$0.20

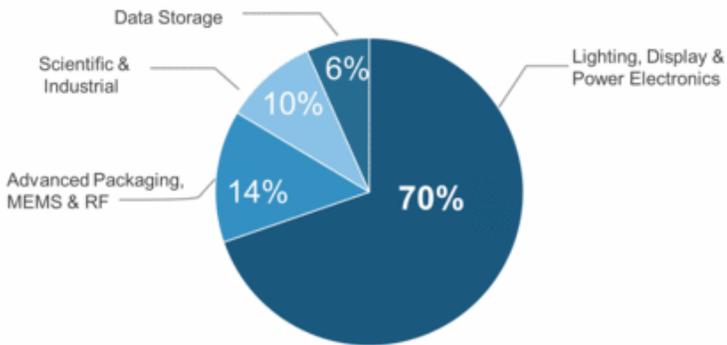
* Financial performance of PSP has been included from the acquisition date, December 4, 2014

** This also includes the line item "other items"

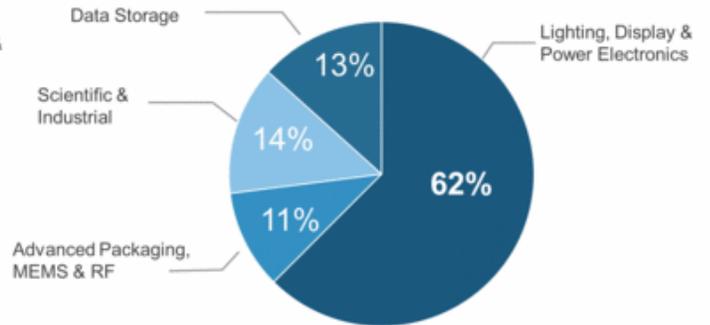
Note: Amounts may not calculate precisely due to rounding

Q2 2015 Market and Geography Data

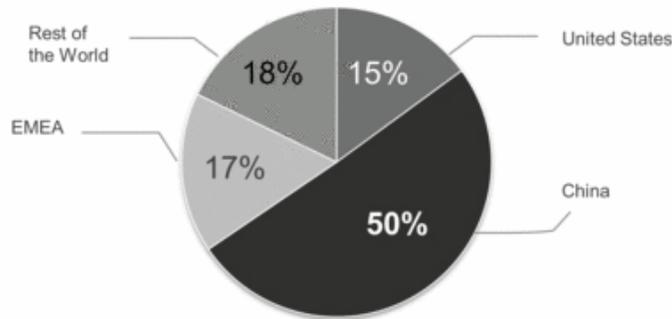
\$124M Bookings by Market



\$131M Revenue by Market



Revenue by Geography



Note: Amounts may not calculate precisely due to rounding

Financial Highlights

(\$M)	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
Cash & Short-term Investments	485	487	392	393	396
Accounts Receivable	58	62	60	64	83
Inventory	48	47	61	57	64
Accounts Payable	28	26	18	41	46
Cash Flow from Operations	2	10	49	4	8
	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
DSO	55	59	48	59	57
DOI	70	77	68	89	72
DPO	39	39	22	59	51

 PSP Purchase

Q3 2015 Guidance

	GAAP	Non-GAAP
Net Sales	\$135M - \$160M	\$135M - \$160M
Gross Margins	37.0% - 39.0%	37.5% - 39.5%
Adjusted EBITDA	N/A	\$14M - \$24M
Net income (loss)	(\$2M) - \$8M	\$9M - \$17M
EPS	(\$0.05) - \$0.19	\$0.22 - \$0.40



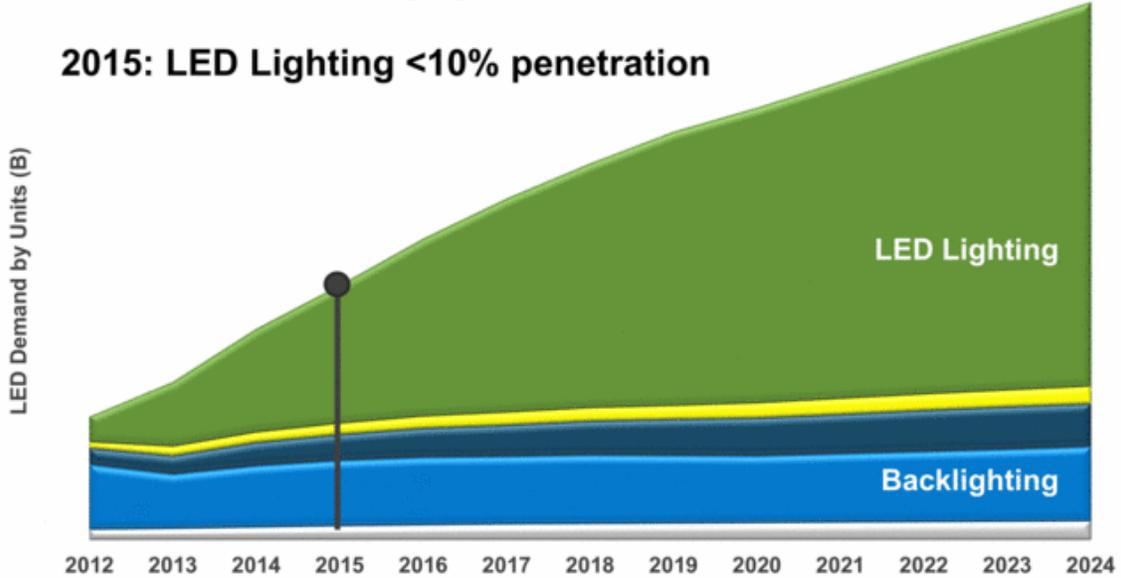


Business Update & Outlook

Waves of LED Demand



2015: LED Lighting <10% penetration



Source: IHS and Veeco Estimates



Emerging Applications Driving 4th Demand Wave



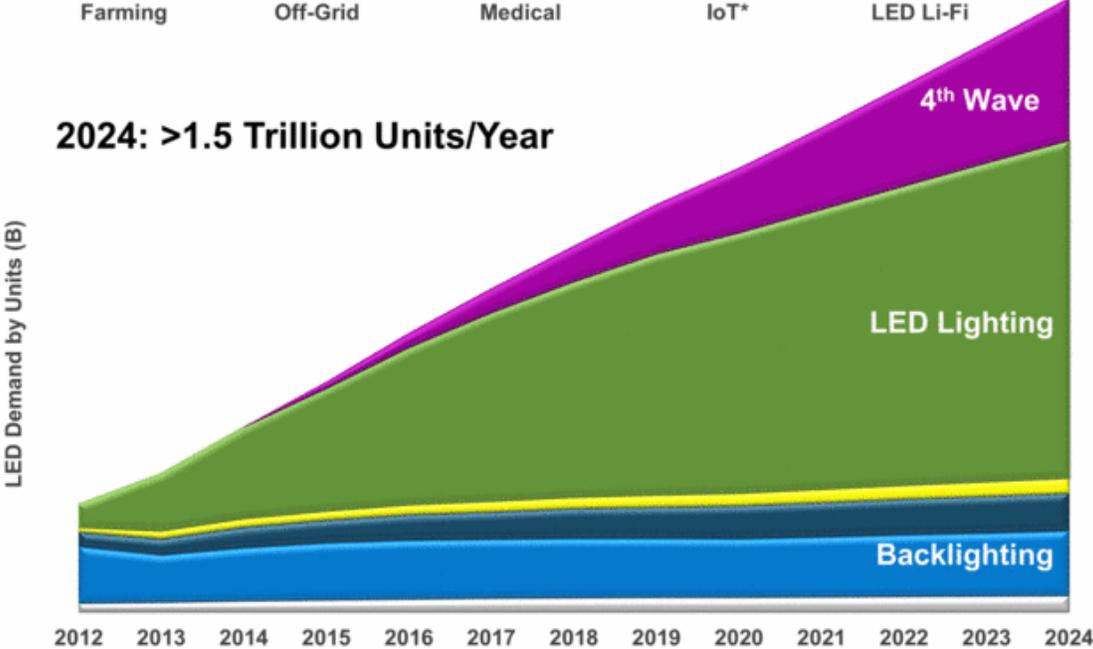
Farming

Off-Grid

Medical

IoT*

LED Li-Fi



Source: IHS and Veeco Estimates
* IoT – Internet of Things



EPIK™ 700 MOCVD: Enabling Lower Production Costs

LED manufacturers must lower production costs to:

- > Accelerate market adoption
- > Preserve profitability

EPIK 700 competitive advantage:

- > >20% CoO* advantage
- > Higher footprint efficiency, higher yield



Competitive advantage for our Customers and Veeco

* CoO – Cost of Ownership

Veeco PSP – Contributing and Growing

**Strength in Core
MEMS / RF**



> Differentiated process solutions
> Established leader for MLO*
> Largest ever single customer sale in Q2

**Momentum in
Advanced Packaging**



> Award winning technology
> Flexibility to address specific needs
> Multiple engagements with leading IDMs

**Target 10%
Annual Growth**



> Seamless integration
> Leveraging Veeco's infrastructure
> Positive top and bottom line contribution

* MLO – Metal Lift-off

Executing 2015 Objectives

Strengthening Core Businesses



- LED manufacturers recognize the value of industry leading EPIK 700 MOCVD System
- Solid execution drives PSP revenue above target plan

Penetrating New Markets



- First Propel™ MOCVD System for GaN power electronics recognized revenue six months after launch
- PSP gaining traction in WLFO* and TSV* Advanced Packaging applications

Driving Profitable Growth



- 2015 revenue growth forecast of >35%
- Margins and profitability expanding



Q&A



Back Up & Reconciliation Tables

Note On Reconciliation Tables

These tables include financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These Non-GAAP financial measures exclude items such as: share-based compensation expense; non-recurring charges relating to restructuring initiatives, non-cash asset impairments, certain other non-operating gains and losses, and acquisition-related items such as one-time transaction costs, non-cash amortization of acquired intangible assets, incremental non-recurring compensation, and the stepped-up cost of sales associated with the purchase accounting of acquired inventory.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including adjusted EBITDA, which is used to determine management incentive compensation as well as to forecast future periods. These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting.

Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in Veeco's news release to their most directly comparable GAAP financial measures.

Supplemental Information – GAAP to Non-GAAP Reconciliation

US\$ Millions, except per share data

	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
Net Sales	\$95.1	\$93.3	\$113.6	\$98.3	\$131.4
GAAP Gross Profit	30.7	32.6	37.9	35.1	49.1
GAAP Gross Margin	32.2%	34.9%	33.3%	35.7%	37.3%
Add: Equity Comp	0.6	0.6	0.6	0.6	0.7
Add: Acquisition Related	-	-	5.2	1.3	-
Non-GAAP Gross Profit	\$31.3	\$33.2	\$43.7	\$37.0	\$49.8
Non-GAAP Gross Margin	32.9%	35.5%	38.5%	37.7%	37.9%
	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
GAAP Operating Income (loss)	(\$15.8)	(\$17.5)	(\$64.6)	(\$15.9)	(\$4.0)
Add: Equity Comp	5.1	4.5	4.5	4.0	4.9
Add: Acquisition Related	-	-	8.4	1.3	0.2
Add: Restructuring	0.8	2.3	0.9	2.4	0.7
Add: Amortization	2.9	3.1	4.2	8.0	8.0
Add: Asset Impairment	-	2.9	55.3	0.1	-
Less: non-recurring CTA Gain	-	-	(3.1)	-	-
Non-GAAP Operating Income	(7.0)	(4.7)	5.6	(0.1)	9.8
Add: Depreciation	2.9	2.9	2.7	2.8	3.0
Adjusted EBITDA	(\$4.1)	(\$1.8)	\$8.3	\$2.7	\$12.8

	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
GAAP Net Income (loss)	(\$15.2)	(\$14.0)	(\$56.9)	(\$19.1)	(\$8.4)
Add: Equity Comp	5.1	4.5	4.5	4.0	4.9
Add: Acquisition Related	-	-	8.4	1.3	0.2
Add: Restructuring	0.8	2.3	0.9	2.4	0.7
Add: Amortization	2.9	3.1	4.2	8.0	8.0
Add: Asset Impairment	-	2.9	55.3	0.1	-
Less: non-recurring CTA Gain	-	-	(3.1)	-	-
Add: Taxes	0.3	0.4	(8.2)	2.8	3.0
Non-GAAP Net Income (loss)	(\$6.1)	(\$0.8)	\$5.1	(\$0.5)	\$8.4
Non-GAAP Basic EPS	(\$0.16)	(\$0.02)	\$0.13	(\$0.01)	\$0.21
Non-GAAP Diluted EPS	(\$0.16)	(\$0.02)	\$0.13	(\$0.01)	\$0.20

Note: Amounts may not calculate precisely due to rounding

Q2 2015 GAAP to Non-GAAP Reconciliation

<i>In millions, except per share data</i>	Non-GAAP Adjustments				Non-GAAP
	GAAP	Share-based Compensation	Acquisition Related	Other	
Net sales	\$131.4	-	-	-	\$131.4
Gross profit	49.1	0.7	-	-	49.8
Gross margin	37.3%				37.9%
SG&A	24.4	(3.1)	(0.2)	-	21.1
R&D	20.1	(1.1)	-	-	19.0
Amortization	8.0	-	(8.0)	-	-
Restructuring	0.7	-	-	(0.7)	-
Other items	(0.1)	-	-	-	(0.1)
Operating income (loss)	(\$4.0)	\$4.9	\$8.2	\$0.7	\$9.8
Interest income, net	0.1	-	-	-	0.1
Taxes	4.5	-	-	(3.0)	1.5
Net income (loss)	(\$8.4)	\$4.9	\$8.2	\$3.7	\$8.4
Basic EPS	(\$0.21)				\$0.21
Diluted EPS	(\$0.21)				\$0.20
Basic shares	39.7				40.8
Diluted shares	39.7				41.0
Non-GAAP operating income					\$9.8
Depreciation					\$3.0
Adjusted EBITDA					\$12.8

Note: Amounts may not calculate precisely due to rounding

Q3 2015 Guidance GAAP to Non-GAAP Reconciliation

<i>In millions, except per share data</i>	Non-GAAP Adjustments				Non-GAAP
	GAAP	Share-based compensation	Acquisition Related	Other	
Net Sales	\$135 - \$160				\$135 - \$160
Gross Profit	50 - 62	1	-	-	51 - 63
Gross Margin	37.0% - 39.0%				37.5% - 39.5%
Net income (loss)	(2) - 8	6	6	(1) - (3)*	9 - 17
Adjusted EBITDA					\$14 - \$24
Income (loss) per diluted common share	(\$0.05) - \$0.19				\$0.22 - \$0.40

Note: Amounts may not calculate precisely due to rounding