

# VEECO INSTRUMENTS INC

## **FORM 8-K** (Current report filing)

Filed 10/26/09 for the Period Ending 10/26/09

Address	TERMINAL DRIVE PLAINVIEW, NY 11803
Telephone	516 677-0200
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Symbol	VECO
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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): **October 26 , 2009**

**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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## Section 2 - Financial Information

### Item 2.02 Results of Operations and Financial Condition.

On October 26, 2009, Veeco Instruments Inc. (“Veeco” or the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2009 . In connection with the release and the related conference call, Veeco posted a presentation relating to its third quarter 2009 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.

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits* .

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued by Veeco Instruments Inc. dated October 26, 2009
99.2	Veeco Instruments Inc. Q3 2009 Highlights dated October 26, 2009

The information in this report, including exhibits 99.1 and 99.2, 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.

### VEECO INSTRUMENTS INC.

October 26, 2009

By: /s/ Gregory A. Robbins  
Gregory A. Robbins  
Senior Vice President and General Counsel

## EXHIBIT INDEX

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## NEWS

Veeco Instruments Inc., Terminal Drive, Plainview, NY 11803 Tel. 516-677-0200 Fax. 516-677-0380

**FOR IMMEDIATE RELEASE**

*Financial Contact: Debra Wasser, SVP Investor Relations & Corporate Communications, 516-677-0200 x1472*

*Media Contact: Fran Brennen, Senior Director Marcom, 516-677-0200 x1222*

**VEECO ANNOUNCES Q3 AND FIRST NINE MONTHS 2009 FINANCIAL RESULTS**

Plainview, NY, October 26, 2009 — Veeco Instruments Inc. (Nasdaq: VECO) announced its financial results for the third quarter and nine months ended September 30, 2009. Veeco will host a conference call reviewing these results at 5:00pm today at 800-790-1827 (toll-free) or 212-287-1645 using passcode VEECO. The call will also be webcast live at [www.veeco.com](http://www.veeco.com). A replay of the call will be available beginning at 8:00pm tonight through midnight on November 16, 2009 at 866-418-1750 (toll-free) or 203-369-0742 using passcode 9482840, or on the Veeco website. A slide presentation reviewing these results has also been posted on our website. Veeco reports its results on a 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.

**GAAP Results (\$M except EPS)**

	Q3 '09	Q3 '08	9M '09	9M '08
Revenues	\$ 98.9	\$ 115.7	\$ 233.8	\$ 332.5
Net income (loss)	\$ 1.3	\$ (2.4)	\$ (34.3)	\$ (1.2)
EPS	\$ 0.04	\$ (0.08)	\$ (1.09)	\$ (0.04)

**Non-GAAP Results (\$M except EPS)**

	Q3 '09	Q3 '08	9M '09	9M '08
EBITA	\$ 8.9	\$ 10.4	\$ (7.2)	\$ 27.9
EPS	\$ 0.16	\$ 0.19	\$ (0.21)	\$ 0.52

John R. Peeler, Veeco’s Chief Executive Officer, commented, “I am pleased to report that our third quarter performance exceeded guidance on every metric, and that Veeco has quickly returned to profitability. Third quarter revenue was \$99 million, well above our guidance of \$80-88 million, and gross margins increased over 700 basis points sequentially to 41.4%. Veeco’s swift restructuring actions decreased operating expenses by 19% in the third quarter versus a year ago. We delivered EBITA of \$9 million, positive GAAP earnings per share, and non-GAAP EPS of \$0.16, significantly ahead of guidance. All three of our businesses, LED & Solar, Data Storage, and Metrology, returned to EBITA profitability in the third quarter. Veeco’s third quarter 2009 cash balance increased \$12 million sequentially, resulting in a positive net cash position. We are executing to plan and doing what we said we would do.”

“We completed the highest bookings quarter in Veeco’s history, with third quarter orders of approximately \$226 million: \$179M in LED & Solar (80% of total orders), \$17M in Data Storage (7% of total) and \$29M in Metrology (13% of total),” continued Mr. Peeler. “We have seen an unprecedented demand from LED manufacturers in China, Korea and Taiwan for our TurboDisc® Metal Organic Chemical Vapor Deposition (MOCVD) systems as they ramp production for laptop and TV backlighting. Veeco MOCVD systems were also selected by two leading U.S. LED manufacturers to ramp production for general illumination. Momentum continued in our CIGS solar business in the third quarter, with a second key customer win for our FastFlex™ Web Coating Systems and a repeat multi-million dollar order for thermal deposition components from a leading CIGS

manufacturer. We experienced a 27% sequential improvement in Metrology orders, driven by new product success and a modest pick-up in activity from both research and industrial customers.”

#### **Q4’09 Guidance**

Veeco’s fourth quarter 2009 revenues are currently forecasted to be between \$120-\$130 million, with earnings per share between \$0.25 to \$0.35 on a GAAP basis and \$0.29 to \$0.35 on a non-GAAP basis. Please refer to the attached financial tables for more details. Veeco currently anticipates a positive book-to-bill ratio for the fourth quarter. Veeco’s 2009 revenue guidance is now \$353-\$363 million, up from previous guidance of \$310-\$325 million.

#### **Outlook**

Regarding Veeco’s outlook, Mr. Peeler commented, “Veeco’s backlog at the end of September was \$287 million, with \$239M in LED & Solar. We continue to experience positive business trends in our MOCVD business, with a high level of demand for our K465™ MOCVD System due to its industry-leading productivity. We are ramping up our manufacturing capacity to satisfy customer demand. While it is challenging to predict quarterly bookings trends in this dynamic environment, it is clear to us that MOCVD quoting activity remains well above historic levels.”

Mr. Peeler added, “As we look toward the future, we believe Veeco is at the beginning of a multi-year MOCVD tool investment cycle as LEDs increase their penetration in laptop and TV backlighting and gain momentum for general illumination. We are also seeing strong interest in our thermal deposition systems for manufacturing of CIGS solar cells, and believe that Veeco is well positioned to capture share in this market. In addition, overall business conditions in Data Storage and Metrology appear to be improving from the trough levels we experienced earlier this year, and we remain well aligned with customers’ technology roadmaps.”

#### **About Veeco**

Veeco Instruments Inc. manufactures enabling solutions for customers in the HB-LED, solar, data storage, semiconductor, scientific research and industrial markets. We have leading technology positions in our three businesses: LED & Solar Process Equipment, Data Storage Process Equipment, and Metrology Instruments. Veeco’s manufacturing and engineering facilities are located in New York, New Jersey, California, Colorado, Arizona, Massachusetts and Minnesota. Global sales and service offices are located throughout the U.S., Europe, Japan and APAC. <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, 2008 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 Instruments Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net sales	\$ 98,913	\$ 115,709	\$ 233,782	\$ 332,465
Cost of sales	58,005	69,626	148,108	196,026
Gross profit	40,908	46,083	85,674	136,439
Operating expenses:				
Selling, general and administrative expense	21,042	23,589	59,471	70,528
Research and development expense	13,721	15,302	39,770	45,173
Amortization expense	1,777	3,148	5,437	7,530
Restructuring expense	1,192	4,120	7,567	6,995
Asset impairment charge	—	—	304	285
Other (income) expense, net	(312)	(213)	1,097	(591)
Total operating expenses	37,420	45,946	113,646	129,920
Operating income (loss)	3,488	137	(27,972)	6,519
Interest expense, net	1,656	1,792	5,063	5,097
Income (loss) before income taxes	1,832	(1,655)	(33,035)	1,422
Income tax provision	562	812	1,342	2,860
Net income (loss) including noncontrolling interest	1,270	(2,467)	(34,377)	(1,438)
Net loss attributable to noncontrolling interest	—	(54)	(65)	(200)
Net income (loss) attributable to Veeco	\$ 1,270	\$ (2,413)	\$ (34,312)	\$ (1,238)
Income (loss) per common share:				
Net income (loss) attributable to Veeco	\$ 0.04	\$ (0.08)	\$ (1.09)	\$ (0.04)
Diluted net income (loss) attributable to Veeco	\$ 0.04	\$ (0.08)	\$ (1.09)	\$ (0.04)
Weighted average shares outstanding	31,608	31,458	31,540	31,293
Diluted weighted average shares outstanding	32,375	31,458	31,540	31,293

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

	September 30, 2009 (Unaudited)	December 31, 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 109,441	\$ 103,799
Accounts receivable, net	64,260	59,659
Inventories, net	74,999	94,930
Prepaid expenses and other current assets	8,059	6,425
Deferred income taxes	2,226	2,185
Total current assets	258,985	266,998
Property, plant and equipment, net	59,294	64,372
Goodwill	59,422	59,160
Other assets, net	32,124	39,011
Total assets	<u>\$ 409,825</u>	<u>\$ 429,541</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 28,521	\$ 29,610
Accrued expenses	73,445	66,964
Deferred profit	2,337	1,346
Current portion of long-term debt	208	196
Income taxes payable	23	354
Total current liabilities	104,534	98,470
Deferred income taxes	5,233	4,540
Long-term debt	100,286	98,330
Other non-current liabilities	1,652	2,391
Total non-current liabilities	107,171	105,261
Shareholders' equity attributable to Veeco	198,120	225,026
Noncontrolling interest	—	784
Total shareholders' equity	<u>198,120</u>	<u>225,810</u>
Total liabilities and shareholders' equity	<u>\$ 409,825</u>	<u>\$ 429,541</u>



**Veeco Instruments Inc. and Subsidiaries**  
**Reconciliation of operating income (loss) to earnings (loss) excluding certain items**  
(In thousands, except per share data)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Operating income (loss)	\$ 3,488	\$ 137	\$ (27,972)	\$ 6,519
Adjustments:				
Amortization expense	1,777	3,148	5,437	7,530
Equity-based compensation expense	2,400	2,048	5,953	5,671
Restructuring expense	1,192(1)	4,120(2)	7,567(1)	6,995(2)
Asset impairment charge	—	—	304(3)	285(4)
Purchase accounting adjustment	—	927(5)	—	927(5)
Inventory write-off	—	—	1,526(6)	—
Earnings (loss) before interest, income taxes and amortization excluding certain items ("EBITA")	8,857	10,380	(7,185)	27,927
Interest expense, net	1,656	1,792	5,063	5,097
Adjustment to add back non-cash portion of interest expense	(714)(7)	(740)(7)	(2,114)(7)	(2,184)(7)
Earnings (loss) excluding certain items before income taxes	7,915	9,328	(10,134)	25,014
Income tax provision (benefit) at 35%	2,770	3,265	(3,547)	8,755
Earnings (loss) excluding certain items	5,145	6,063	(6,587)	16,259
Loss attributable to noncontrolling interest, net of income tax benefit at 35%	—	(35)	(42)	(130)
Earnings (loss) excluding certain items attributable to Veeco	<u>\$ 5,145</u>	<u>\$ 6,098</u>	<u>\$ (6,545)</u>	<u>\$ 16,389</u>
Earnings (loss) excluding certain items per diluted share attributable to Veeco	\$ 0.16	\$ 0.19	\$ (0.21)	\$ 0.52
Diluted weighted average shares outstanding	32,375	31,598	31,540	31,498

(1) During the nine months ended September 30, 2009, the Company recorded a restructuring charge of \$7.6 million, which consisted principally of \$6.3 million of personnel severance costs (\$1.2M was incurred in the third quarter), \$0.9 million of lease-related charges and \$0.4 million of moving and consolidation costs associated with vacating two facilities in our Data Storage Process Equipment segment.

(2) During the nine months ended September 30, 2008, the Company recorded restructuring charges of \$7.0 million, consisting primarily of \$3.7 million in the third quarter associated with the mutually agreed upon termination of the employment agreement of the Company's former CEO, \$0.5 million for severance costs (\$0.2 million in the third quarter) and \$2.8 million for lease-related charges principally associated with the consolidation and relocation of our Corporate headquarters (\$0.2 million in the third quarter).

(3) During the nine months ended September 30, 2009, the Company recorded a \$0.3 million asset impairment charge in our Data Storage Process Equipment segment for assets no longer being utilized.

(4) During the nine months ended September 30, 2008, the Company recorded a \$0.3 million asset impairment charge related to fixed asset write-offs associated with the consolidation and relocation of our Corporate headquarters.

(5) During the nine months ended September 30, 2008, the Company recorded \$0.9 million in cost of sales related to the acquisition of Mill Lane Engineering. This charge was the result of purchase accounting, which requires adjustments to capitalize inventory at fair value.

(6) During the nine months ended September 30, 2009, the Company recorded a \$1.5 million inventory write-off in our Data Storage Process Equipment segment associated with the discontinuance of certain products. This charge was included in cost of sales in the GAAP income statement.

(7) Adjustment to exclude non-cash interest expense on convertible subordinated notes.

**NOTE - The above reconciliation is intended to present Veeco's operating results, excluding certain items and providing income taxes at a 35% statutory rate. This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States, and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on 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 EBITA reports baseline performance and thus provides useful information.**



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

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
<b>LED &amp; Solar Process Equipment</b>				
Bookings	\$ 179,229	\$ 25,775	\$ 264,092	\$ 116,513
Revenues	\$ 52,966	\$ 40,983	\$ 107,050	\$ 128,205
Operating income	\$ 8,357	\$ 2,970	\$ 1,321	\$ 18,840
Amortization expense	792	1,587	2,341	3,040
Equity-based compensation expense	245	146	619	323
Restructuring expense	200	—	1,129	—
Purchase accounting adjustment	—	927	—	927
EBITA **	\$ 9,594	\$ 5,630	\$ 5,410	\$ 23,130
<b>Data Storage Process Equipment</b>				
Bookings	\$ 17,243	\$ 32,359	\$ 44,379	\$ 124,685
Revenues	\$ 21,721	\$ 43,256	\$ 56,219	\$ 104,096
Operating income (loss)	\$ 565	\$ 5,788	\$ (8,133)	\$ 7,466
Amortization expense	405	952	1,213	2,856
Equity-based compensation expense	303	304	892	693
Restructuring expense	225	—	3,055	124
Inventory write-off	—	—	1,526	—
Asset impairment charge	—	—	304	—
EBITA (Loss) **	\$ 1,498	\$ 7,044	\$ (1,143)	\$ 11,139
<b>Metrology</b>				
Bookings	\$ 29,165	\$ 32,031	\$ 68,886	\$ 94,738
Revenues	\$ 24,226	\$ 31,470	\$ 70,513	\$ 100,164
Operating loss	\$ (800)	\$ (886)	\$ (10,615)	\$ (1,304)
Amortization expense	507	495	1,662	1,295
Equity-based compensation expense	290	251	847	597
Restructuring expense	411	437	2,797	627
EBITA (Loss) **	\$ 408	\$ 297	\$ (5,309)	\$ 1,215
<b>Unallocated Corporate</b>				
Operating loss	\$ (4,634)	\$ (7,735)	\$ (10,545)	\$ (18,483)
Amortization expense	73	114	221	339
Equity-based compensation expense	1,562	1,347	3,595	4,058
Restructuring expense	356	3,683	586	6,244
Asset impairment charge	—	—	—	285
Loss **	\$ (2,643)	\$ (2,591)	\$ (6,143)	\$ (7,557)
<b>Total</b>				
Bookings	\$ 225,637	\$ 90,165	\$ 377,357	\$ 335,936
Revenues	\$ 98,913	\$ 115,709	\$ 233,782	\$ 332,465
Operating income (loss)	\$ 3,488	\$ 137	\$ (27,972)	\$ 6,519
Amortization expense	1,777	3,148	5,437	7,530
Equity-based compensation expense	2,400	2,048	5,953	5,671
Restructuring expense	1,192	4,120	7,567	6,995
Purchase accounting adjustment	—	927	—	927
Inventory write-off	—	—	1,526	—
Asset impairment charge	—	—	304	285
EBITA (Loss) **	\$ 8,857	\$ 10,380	\$ (7,185)	\$ 27,927

\*\* Refer to footnotes on “Reconciliation of operating income (loss) to earnings (loss) excluding certain items” for further details.

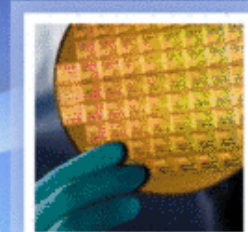
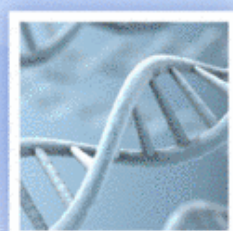
**Veeco Instruments Inc. and Subsidiaries**  
**Reconciliation of operating income to income excluding certain items**  
(In thousands, except per share data)  
(Unaudited)

	Guidance for the three months ended December 31, 2009	
	LOW	HIGH
Operating income	\$ 10,900	\$ 14,200
Adjustments:		
Amortization expense	1,900	1,900
Restructuring expense	300(1)	300(1)
Equity-based compensation expense	2,900	2,900
Income before interest, income taxes and amortization excluding certain items ("EBITA")	16,000	19,300
Interest expense, net	1,800	1,800
Adjustment to add back non-cash portion of interest expense	(800)(2)	(800)(2)
Income excluding certain items before income taxes	15,000	18,300
Income tax expense at 35%	5,250	6,405
Income excluding certain items	\$ 9,750	\$ 11,895
Income per diluted share excluding certain items	\$ 0.29	\$ 0.35
Diluted weighted average shares outstanding	33,500	33,500

(1) During the fourth quarter of 2009, the Company expects to record a restructuring charge of approximately \$0.3 million.

(2) Adjustment to exclude non-cash interest expense on convertible subordinated notes.

**NOTE - The above reconciliation is intended to present Veeco's operating results, excluding certain items and providing income taxes at a 35% statutory rate. This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States, and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on earnings before interest, income taxes and amortization excluding certain items ("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 EBITA reports baseline performance and thus provides useful information.**



# Veeco

Q3 2009 Highlights  
October 26, 2009



# Delivering What We Said We Would Do

## GOAL: To Emerge From Downturn in a Position Strength

- Increase variable cost percentage for better performance through cycles
- Executed factory consolidation ahead of plan
- Simplify organizational structure and lower company breakeven point
- Achieved \$80M breakeven level Q3'09
- A solid balance sheet
- Generated cash through the down cycle
- Excellent customer connectivity and relationships
- Winning business – best order quarter in our history
- Aligned to customers technology roadmaps
- New product traction in all businesses



# Third Quarter 2009 Highlights: Exceeded Guidance in all Areas

- Revenue was \$98.9 million, down 15% compared to \$115.7 million in Q3'08. Revenue increased 37% sequentially
- Bookings were \$225.6 million, a record level for the company; Sept 30 backlog \$286.5M
- Net income was \$1.3 million, or \$0.04 per share, compared to net loss of (\$2.4) million, or (\$0.08) per share, last year
- Veeco's earnings per share, excluding certain items, was \$0.16 compared to earnings per share of \$0.19 last year
- All three businesses return to profitability
- Q3'09 operating spending declined 19% versus Q3'08
- Q3'09 gross margins were 41.4%, ahead of guidance
- Cash balance increased \$12 million to \$109.4 million, resulting in a positive net debt/cash balance





# Q3 2009 Financial Highlights

(\$M except EPS)	Q3'09	Q2'09	Q3'08
Orders	\$225.6	\$98.7	\$90.2
Revenues	<b>\$98.9</b>	<b>\$72.0</b>	<b>\$115.7</b>
Gross Margin*	41.4%	33.9%	40.6%
Operating Income (Loss)	\$3.5	(\$12.6)	\$0.1
EBITA (Loss)**	\$8.9	(\$6.4)	\$10.4
EPS (Loss) (Non-GAAP)**	<b>\$0.16</b>	<b>(\$0.15)</b>	<b>\$0.19</b>

- Significant sequential improvement
- \$80M breakeven model achieved

\*Excludes certain charges

\*\*See reconciliation to GAAP at end of presentation





# Q3 2009 Segment Performance

	Bookings			Revenue			EBITA*	
\$M	Q3 '09	Q3 '08	Δ	Q3 '09	Q3 '08	Δ	Q3 '09	Q3 '08
LED & Solar	\$179.2	\$25.8	+595%	\$53.0	\$40.9	30%	\$9.6	\$5.7
Data Storage	17.2	32.4	-47%	21.7	43.3	-50%	1.6	7.0
Metrology	29.2	32.0	-8%	24.2	31.5	-23%	0.4	0.3
Unallocated Corporate							(2.7)	(2.6)
<b>Veeco Total</b>	<b>\$225.6</b>	<b>\$90.2</b>	<b>+150%</b>	<b>\$98.9</b>	<b>\$115.7</b>	<b>-15%</b>	<b>\$8.9</b>	<b>\$10.4</b>

\*See reconciliation to GAAP at end of presentation



# Record Q3'09 Bookings

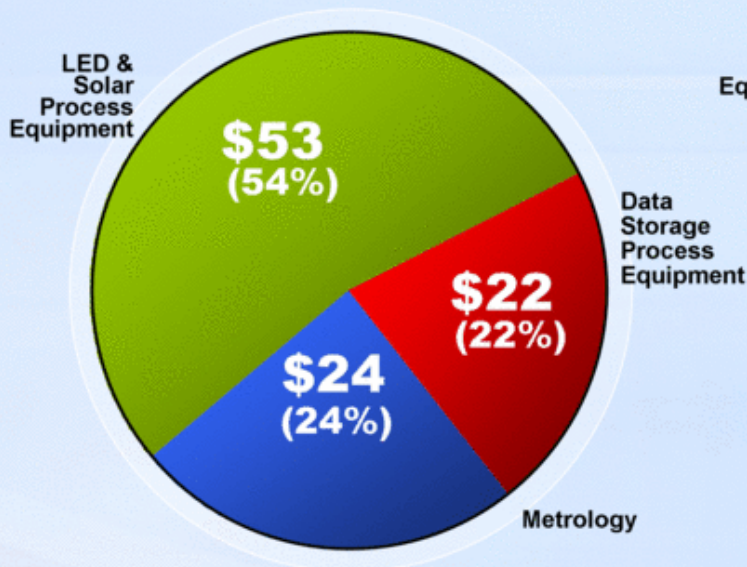
Q3'09 bookings \$225.6M, up 129% sequentially

- LED & Solar:
  - Record orders \$179.2M – included multi-unit MOCVD orders from key LED manufacturers in Korea, China, Taiwan and U.S.
  - Manufacturers ramp production for TV, laptop backlighting and general illumination applications
  - \$15M order for FastFlex CIGS deposition tools
  - Multi-million dollar repeat order for CIGS components
- Data Storage:
  - Orders still weak at \$17.2M
- Metrology:
  - Orders \$29.2M, up 27% sequentially due to new product traction and modest improvement in scientific research and industrial spending

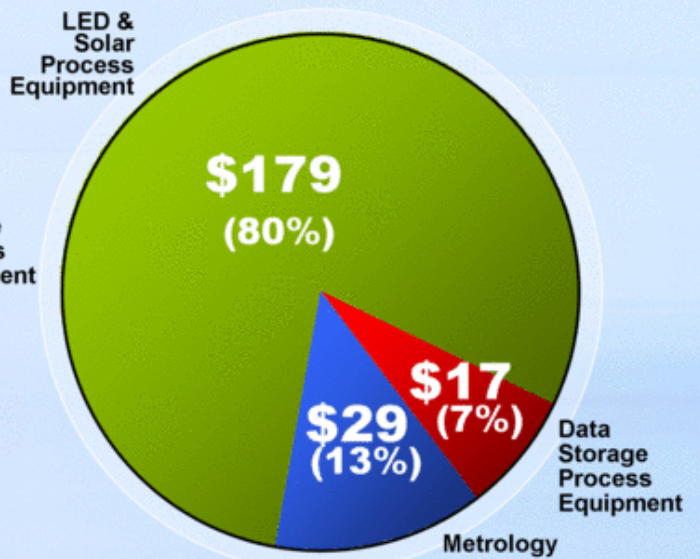


# LED & Solar Grows As Percentage of Veeco – Q3 Results

## Q3 Revenues (\$M) \$99 Million



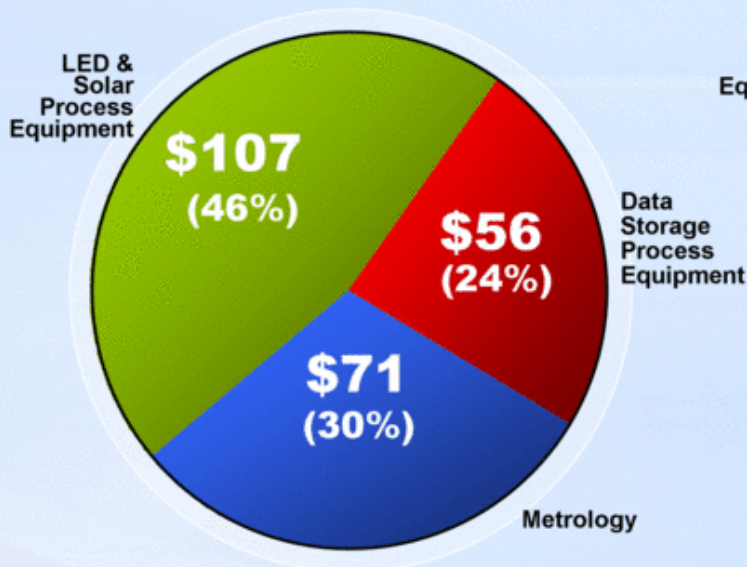
## Q3 Bookings (\$M) ~\$226 Million



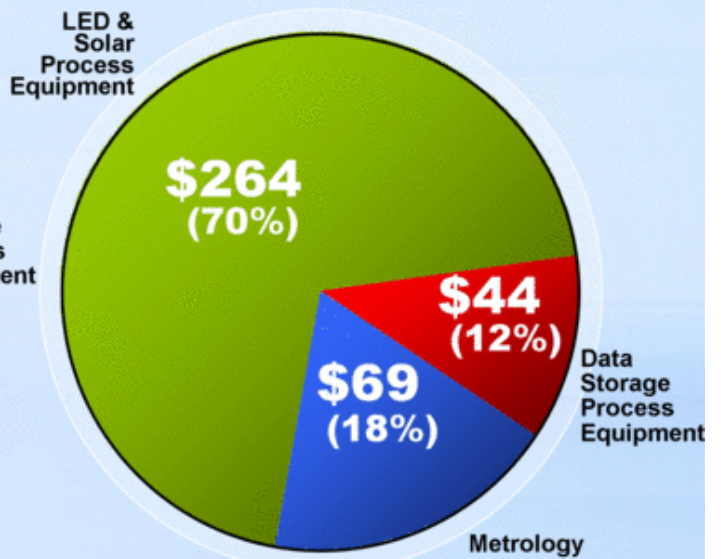


# LED & Solar Grows As Percentage of Veeco – 9 Month Results

## 9 Month Revenues (\$M) \$234 Million



## 9 Month Bookings (\$M) \$377 Million



# Q4 2009 and Full Year Guidance

Revenues	\$120-130 million
GAAP EPS	\$0.25 to \$0.35 per share
Non-GAAP EPS	\$0.29 to \$0.35 (utilizing 35% tax rate)
	<i>[Note: Share Count 33.5M Diluted]</i>
Order Outlook	Currently forecast positive book-to-bill in Q409
Full Year '09 Outlook	Revenue between \$353 – \$363 Million





# Favorable Business Outlook Heading into 2010

- Backlog at end of September \$287M, \$239M in LED & Solar
- Continue to experience positive business trends in MOCVD
  - High level of demand for K465 MOCVD systems due to industry-leading productivity
  - Executing our manufacturing ramp up to satisfy customer demand
  - Challenging to predict quarterly bookings trends – clear that MOCVD quoting activity remains well above historic levels
  - Believe this is the beginning of a multi-year MOCVD investment cycle
- Strong interest in thermal deposition systems for CIGS solar cell manufacturing
- Overall business conditions in Data Storage and Metrology appear to be improving from trough levels and we remain well aligned with customers' technology roadmaps



# Restructuring Activities & Top Line Recovery Drive Significant EBITA Improvement

	Q4 '08A	Q1 '09A	Q2 '09A	Q3 '09A	Q4'09 Forecast
Revenue	\$110M	\$63M	\$72M	\$99M	\$120-130M
GM	40%	35%	34%	41%	43-44%
Operating Spending	\$38M	\$33M	\$33M	\$35M	\$38-\$40M**
EBITA%*	8%	(15%)	(9%)	9%	13-15%

\*See reconciliation tables

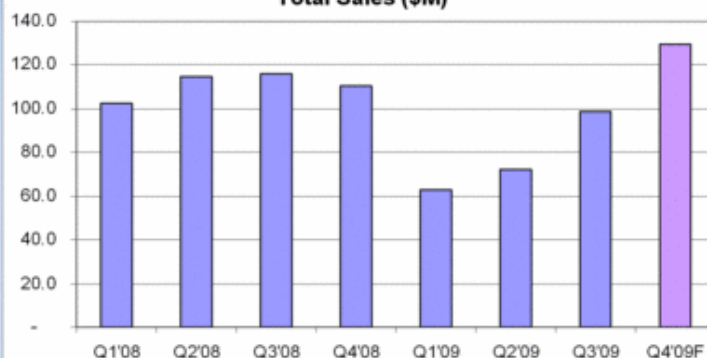
\*\*Normalized Veeco Operating Spending Forecast at \$120M-\$130M Revs = \$37-\$38M. Unusual items impact Q409.

Achieving  
Target  
Model

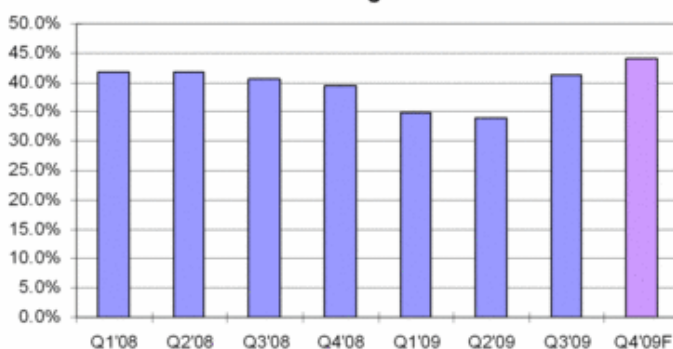
Veeco

# 2009 Restructuring and Top Line Recovery Impact All Key Metrics

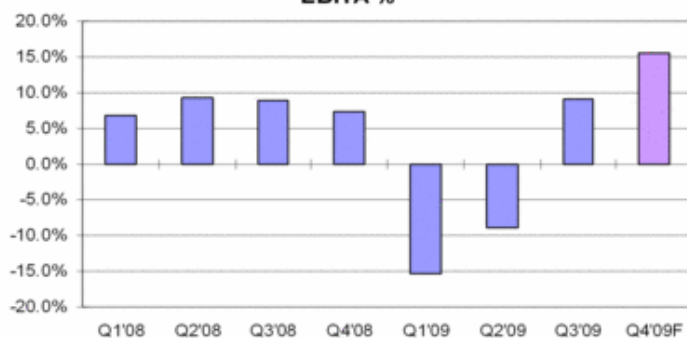
**Total Sales (\$M)**



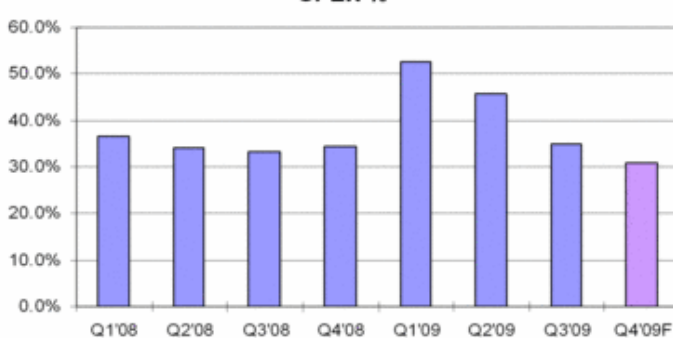
**Gross Margin %**



**EBITA %**



**OPEX %**





# Veeco Balance Sheet

<i>(in millions)</i>	09/30/2009	06/30/2009	12/31/2008
Cash Equivalents	\$109.4	\$97.5	\$103.8
Working Capital	\$154.5	\$143.0	\$168.5
Fixed Assets, Net	\$59.3	\$60.5	\$64.4
Total Assets	\$409.8	\$371.0	\$429.5
Long-Term Debt (including current portion)	\$100.5	\$99.8	\$98.5
Shareholder's Equity	\$198.1	\$190.8	\$225.8



## Back-up and Reconciliation Data



# Income Statement (in Thousands, except for share data)

(unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net sales	\$98,913	\$115,709	\$233,782	\$332,465
Cost of sales	58,005	69,626	148,108	196,026
Gross profit	40,908	46,083	85,674	136,439
Operating expenses:				
Selling, general and administrative expense	21,042	23,589	59,471	70,528
Research and development expense	13,721	15,302	39,770	45,173
Amortization expense	1,777	3,148	5,437	7,530
Restructuring expense	1,192	4,120	7,567	6,995
Asset impairment charge	-	-	304	285
Other (income) expense, net	(312)	(213)	1,097	(591)
Total operating expenses	37,420	45,946	113,646	129,920
Operating income (loss)	3,488	137	(27,972)	6,519
Interest expense, net	1,656	1,792	5,063	5,097
Income (loss) before income taxes	1,832	(1,655)	(33,035)	1,422
Income tax provision	562	812	1,342	2,860
Net income (loss) including noncontrolling interest	1,270	(2,467)	(34,377)	(1,438)
Net loss attributable to noncontrolling interest	-	(54)	(65)	(200)
Net income (loss) attributable to Veeco	\$1,270	(\$2,413)	(\$34,312)	(\$1,238)
Income (loss) per common share:				
Net income (loss) attributable to Veeco	\$0.04	(\$0.08)	(\$1.09)	(\$0.04)
Diluted net income (loss) attributable to Veeco	\$0.04	(\$0.08)	(\$1.09)	(\$0.04)
Weighted average shares outstanding	31,608	31,458	31,540	31,293
Diluted weighted average shares outstanding	32,375	31,458	31,540	31,293





# Balance Sheet (In thousands)

	September 30, 2009 (Unaudited)	December 31, 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 109,441	\$ 103,799
Accounts receivable, net	64,260	59,659
Inventories, net	74,999	94,930
Prepaid expenses and other current assets	8,059	6,425
Deferred income taxes	2,226	2,185
Total current assets	258,985	266,998
Property, plant and equipment, net	59,294	64,372
Goodwill	59,422	59,160
Other assets, net	32,124	39,011
Total assets	<u>\$ 409,825</u>	<u>\$ 429,541</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 28,521	\$ 29,610
Accrued expenses	73,445	66,964
Deferred profit	2,337	1,346
Current portion of long-term debt	208	196
Income taxes payable	23	354
Total current liabilities	104,534	98,470
Deferred income taxes	5,233	4,540
Long-term debt	100,286	98,330
Other non-current liabilities	1,652	2,391
Total non-current liabilities	107,171	105,261
Shareholders' equity attributable to Veeco	198,120	225,026
Noncontrolling interest	-	784
Total shareholders' equity	198,120	225,810
Total liabilities and shareholders' equity	<u>\$ 409,825</u>	<u>\$ 429,541</u>



# Reconciliation (In thousands, except share data)

(Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Operating income (loss)	\$3,488	\$137	(\$27,972)	\$6,519
Adjustments:				
Amortization expense	1,777	3,148	5,437	7,530
Equity-based compensation expense	2,400	2,048	5,953	5,671
Restructuring expense	1,192 (1)	4,120 (2)	7,567 (1)	6,995 (2)
Asset impairment charge	-	-	304 (3)	285 (4)
Purchase accounting adjustment	-	927 (5)	-	927 (5)
Inventory write-off	-	-	1,526 (6)	-
Earnings (loss) before interest, income taxes and amortization excluding certain items ("EBITA")	8,857	10,380	(7,185)	27,927
Interest expense, net	1,656	1,792	5,063	5,097
Adjustment to add back non-cash portion of interest expense	(714) (7)	(740) (7)	(2,114) (7)	(2,184) (7)
Earnings (loss) excluding certain items before income taxes	7,915	9,328	(10,134)	25,014
Income tax provision (benefit) at 35%	2,770	3,265	(3,547)	8,755
Earnings (loss) excluding certain items	5,145	6,063	(6,587)	16,259
Loss attributable to noncontrolling interest, net of income tax benefit at 35%	-	(35)	(42)	(130)
Earnings (loss) excluding certain items attributable to Veeco	\$5,145	\$6,098	(\$6,545)	\$16,389
Earnings (loss) excluding certain items per diluted share attributable to Veeco	\$0.16	\$0.19	(\$0.21)	\$0.52
Diluted weighted average shares outstanding	32,375	31,598	31,540	31,498

(1) During the nine months ended September 30, 2009, the Company recorded a restructuring charge of \$7.6 million, which consisted principally of \$6.3 million of personnel severance costs, \$0.9 million of lease-related charges and \$0.4 million of moving and consolidation costs associated with vacating two facilities in our Data Storage Process Equipment segment.

(2) During the nine months ended September 30, 2008, the Company recorded restructuring charges of \$7.0 million, consisting primarily of \$3.7 million associated with the mutually agreed upon termination of the employment agreement of the Company's former CEO, \$0.5 million for severance costs and \$2.8 million for lease-related charges principally associated with the consolidation and relocation of our Corporate headquarters.

(3) During the nine months ended September 30, 2009, the Company recorded a \$0.3 million asset impairment charge in our Data Storage Process Equipment segment for assets no longer being utilized.

(4) During the nine months ended September 30, 2008, the Company recorded a \$0.3 million asset impairment charge related to fixed asset write-offs associated with the consolidation and relocation of our Corporate headquarters.

(5) During the nine months ended September 30, 2008, the Company recorded \$0.9 million in cost of sales related to the acquisition of Mill Lane Engineering. This charge was the result of purchase accounting, which requires adjustments to capitalize inventory at fair value.

(6) During the nine months ended September 30, 2009, the Company recorded a \$1.5 million inventory write-off in our Data Storage Process Equipment segment associated with the discontinuance of certain products. This charge was included in cost of sales in the GAAP income statement.

(7) Adjustment to exclude non-cash interest expense on convertible subordinated notes.

NOTE - The above reconciliation is intended to present Veeco's operating results, excluding certain items and providing income taxes at a 35% statutory rate. This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States, and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on 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 EBITA reports baseline performance and thus provides useful information.





# Segment Bookings, Revenue & Reconciliation (in thousands)

(Unaudited)	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
<b>LED &amp; Solar Process Equipment</b>				
Bookings	\$ 179,229	\$ 25,775	\$ 264,092	\$ 116,513
Revenues	\$ 52,966	\$ 40,983	\$ 107,050	\$ 128,205
Operating income	\$ 8,357	\$ 2,970	\$ 1,321	\$ 18,840
Amortization expense	792	1,587	2,341	3,040
Equity-based compensation expense	245	146	619	323
Restructuring expense	200	-	1,129	-
Purchase accounting adjustment	-	927	-	927
EBITA **	\$ 9,594	\$ 5,630	\$ 5,410	\$ 23,130
<b>Data Storage Process Equipment</b>				
Bookings	\$ 17,243	\$ 32,359	\$ 44,379	\$ 124,685
Revenues	\$ 21,721	\$ 43,256	\$ 56,219	\$ 104,096
Operating income (loss)	\$ 565	\$ 5,788	\$ (8,133)	\$ 7,466
Amortization expense	405	952	1,213	2,856
Equity-based compensation expense	303	304	892	693
Restructuring expense	225	-	3,055	124
Inventory write-off	-	-	1,526	-
Asset impairment charge	-	-	304	-
EBITA (Loss) **	\$ 1,498	\$ 7,044	\$ (1,143)	\$ 11,139
<b>Metrology</b>				
Bookings	\$ 29,165	\$ 32,031	\$ 68,886	\$ 94,738
Revenues	\$ 24,226	\$ 31,470	\$ 70,513	\$ 100,164
Operating loss	\$ (800)	\$ (886)	\$ (10,615)	\$ (1,304)
Amortization expense	507	495	1,662	1,295
Equity-based compensation expense	290	251	847	597
Restructuring expense	411	437	2,797	627
EBITA (Loss) **	\$ 408	\$ 297	\$ (5,309)	\$ 1,215
<b>Unallocated Corporate</b>				
Operating loss	\$ (4,634)	\$ (7,735)	\$ (10,545)	\$ (18,483)
Amortization expense	73	114	221	339
Equity-based compensation expense	1,562	1,347	3,595	4,058
Restructuring expense	356	3,683	586	6,244
Asset impairment charge	-	-	-	285
Loss **	\$ (2,643)	\$ (2,591)	\$ (6,143)	\$ (7,557)
<b>Total</b>				
Bookings	\$ 225,637	\$ 90,165	\$ 377,357	\$ 335,936
Revenues	\$ 98,913	\$ 115,709	\$ 233,782	\$ 332,465
Operating income (loss)	\$ 3,488	\$ 137	\$ (27,972)	\$ 6,519
Amortization expense	1,777	3,148	5,437	7,530
Equity-based compensation expense	2,400	2,048	5,953	5,671
Restructuring expense	1,192	4,120	7,567	6,965
Purchase accounting adjustment	-	927	-	927
Inventory write-off	-	-	1,526	-
Asset impairment charge	-	-	304	285
EBITA (Loss) **	\$ 8,857	\$ 10,380	\$ (7,185)	\$ 27,927

\*\*Refers to footnotes on "Reconciliation of operating income (loss) to earnings (loss) excluding certain items" for further details.



# Reconciliation of Operating Income to Income Excluding Certain Items (in thousands, except per share data)

(Unaudited)	Guidance for the three months ended December 31, 2009	
	LOW	HIGH
Operating income	\$10,900	\$14,200
Adjustments:		
Amortization expense	1,900	1,900
Restructuring expense	300 (1)	300 (1)
Equity-based compensation expense	<u>2,900</u>	<u>2,900</u>
Income before interest, income taxes and amortization excluding certain items ("EBITA")	16,000	19,300
Interest expense, net	1,800	1,800
Adjustment to add back non-cash portion of interest expense	<u>(800) (2)</u>	<u>(800) (2)</u>
Income excluding certain items before income taxes	15,000	18,300
Income tax expense at 35%	<u>5,250</u>	<u>6,405</u>
Income excluding certain items	<u><u>\$9,750</u></u>	<u><u>\$11,895</u></u>
Income per diluted share excluding certain items	\$0.29	\$0.35
Diluted weighted average shares outstanding	33,500	33,500

(1) During the fourth quarter of 2009, the Company expects to record a restructuring charge of approximately \$0.3 million.

(2) Adjustment to exclude non-cash interest expense on convertible subordinated notes.

NOTE - The above reconciliation is intended to present Veeco's operating results, excluding certain items and providing income taxes at a 35% statutory rate. This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States, and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on earnings before interest, income taxes and amortization excluding certain items ("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 EBITA reports baseline performance and thus provides useful information.

