VEECO INSTRUMENTS INC

FORM 8-K
(Current report filing)

Filed 11/03/11 for the Period Ending 11/03/11

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

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): **November 3 , 2011**

VEECO INSTRUMENTS INC.
(Exact name of registrant as specified in its charter)

Delaware	**0-16244**	**11-2989601**
(State or other jurisdiction of incorporation)	(Commission File Number)	(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 7.01 Regulation FD Disclosure.

Veeco Instruments Inc. plans to attend several investor conferences during November and December 2011, the first of which will be held on November 3, 2011. A copy of Veeco's presentation for these conferences is furnished as Exhibit 99.1 to this report and will be available on Veeco's website (www.veeco.com) prior to or simultaneously with Veeco's presentation at these conferences. The presentation includes selected historical financial results reclassified for the discontinuation of Veeco's CIGS Solar Systems Business.

The information in this report, including the exhibit, 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 it 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.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits* .

Exhibit	Description
99.1	Veeco Investor Presentation November 2011

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.

November 3, 2011

VEECO INSTRUMENTS INC.

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

EXHIBIT INDEX

Exhibit	Description
99.1	Veeco Investor Presentation November 2011

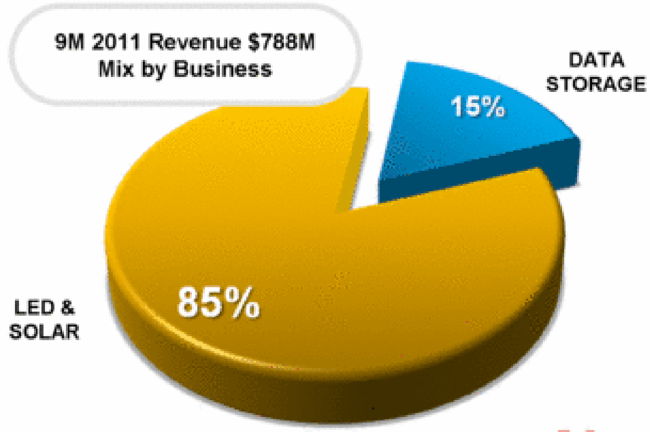
Exhibit 99.1

Veeco

Innovation. Performance. Brilliant.

Veeco Snapshot

- Dramatic growth driven by LED industry leadership
  - Compelling new products with exceptional product and technology roadmap
  - Rapidly gaining share in high growth backlighting and general illumination market
- Substantial growth opportunities in adjacent LED segments, power electronics, CPV solar and emerging Data Storage technologies
- Global footprint with sales, service and support close to customers
- Strong gross margins with significant operating leverage and variable cost model to drive profits and cash generation



Veeco's Worldwide Industry-Leading Customers

PSA 華新科技股份有限公司 Walsin Technology Corporation

TEKCORE

San'an

SAMSUNG

Seagate

LG

GPi Make A Brighten Life

ELEC-TECH

CHIMEI CHI MEI CORPORATION

Arima OPTOELECTRONICS CORPORATION

AUO

SemiLEDs

LUMILEDS LIGHT FROM SILICON VALLEY

HITACHI Inspire the Next

CompSolar

EPISTAR

EnRayTek

Western Digital

TDK

Neo-Neon

FOREPI

SHOWA DENKO

tsmc

FUJITSU

epi-light light for life

SEOUL OPTODEVICE

Lextar

invenLux 亚威朗光电

杭州士兰明芯科技有限公司 Hang Zhou Silan Azure Co.,Ltd.

HUGA 廣鎵光電 HUGA OPTOTECH INC.

EVERLIGHT

Luxtaltek CORPORATION

清华同方 TSINGHUA TONGFANG

UNITED RGB

Veeco

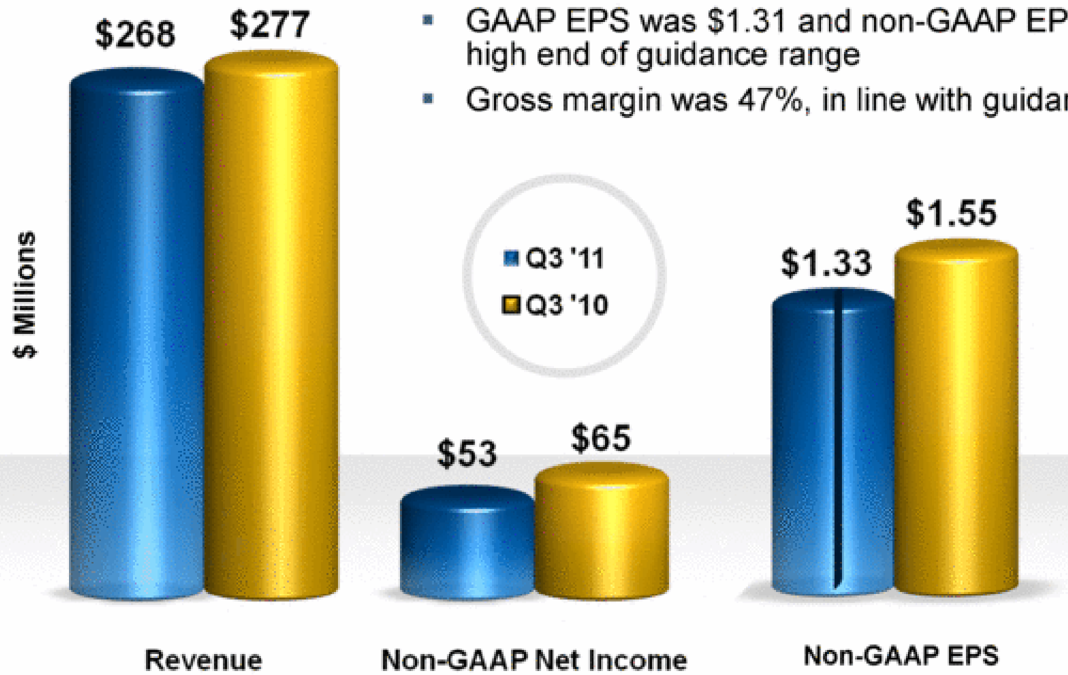
Q3 2011 Financial Highlights

Veeco

Innovation. Performance. Brilliant.

Q3 2011 Revenue and Profit In-Line with Guidance

- Revenue increased 1% from Q2 '11 but declined 3% from Q3 '10
- GAAP EPS was $1.31 and non-GAAP EPS was $1.33; at high end of guidance range
- Gross margin was 47%, in line with guidance



*See reconciliation to GAAP at end of presentation

Q3 2011 Business Highlights

LED & Solar:

- MaxBright™ widely accepted by tier one customers around the world – represented nearly half of MOCVD revenue
- China Training Center has trained >200 engineers since May opening
- Taiwan Tech Center fully staffed and collaborating with customers on process development

Data Storage:

- HDD roadmap is placing more emphasis on improving yield and reducing costs
- We are engaged in customer programs utilizing Veeco's new CVD, PVD and DLC technologies

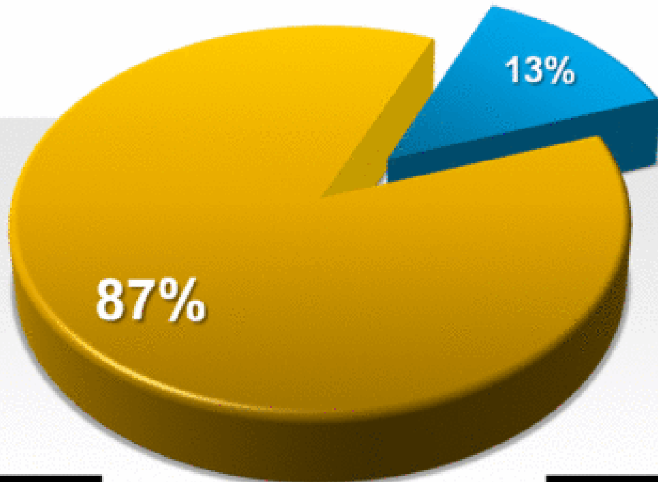
Q3 2011 Revenue & EBITA Performance by Segment

Total Revenue: $268M

LED & Solar
$234M

Up 7% sequentially but down 4% from Q3'10

MOCVD at $221M



Data Storage
$34M

Down 25% sequentially and flat versus 2010

($M)	Q3 '11	Q3 '10
Adj EBITA	$72.8	$97.9

($M)	Q3 '11	Q3 '10
Adj EBITA	$7.9	$9.2

See reconciliation to GAAP at end of presentation

Veeco

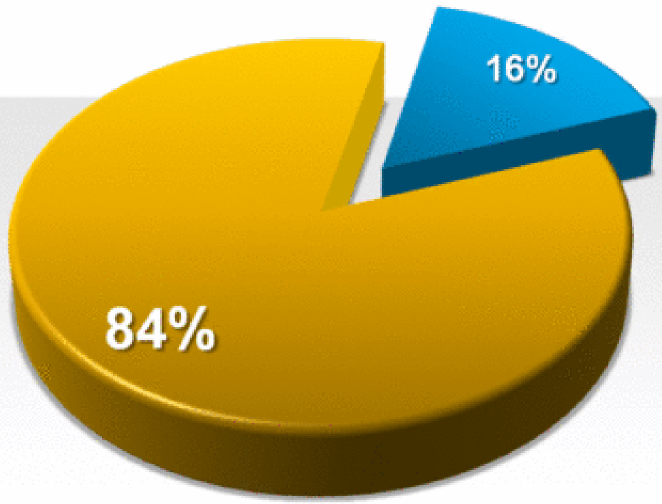
Q3 2011 Bookings Performance by Segment

Total Bookings: $133M

LED & Solar
$112M

Down 59% sequentially and 54% year-over-year

MOCVD $103M & MBE $9M



Data Storage
$21M

Down 44% sequentially and 39% year-over-year

Book to Bill = .5 to 1;

Backlog $389M

Veeco

Q3 2011 Bookings Were Weak Across the Board

- Slower than expected growth in worldwide LED TV sales
- LED factory utilization rates in Asia remain low (50-70%)
- Decreased business activity in China resulting from credit tightening and funding availability
- Data Storage customers delayed capex plans due to pending consolidations and weak PC sales
- Negative global macro-economic data points caused customers to slow or cut their capacity expansion plans

We currently expect that MOCVD orders will remain depressed for a few quarters

Veeco's Strong Balance Sheet

Balance Sheet ($ millions)

	09/30/2011	06/30/2011
Cash & Short-term Investments*	$448.9	$632.7
Accounts Receivable	115.2	128.0
Inventory	127.5	113.3
Fixed Assets, Net	76.2	62.4
Total Assets	934.2	1,120.4
Long-term Debt (including current portion)	2.7	2.8
Equity	735.3	848.8

* Includes restricted cash of $22.9M at 9/30/11 and $54.5M at 6/30/11

- **Major uses of cash included:**
  - Purchase of $154M in stock at an average price of $38.63… completed total $200M Board authorized stock purchase plan
  - $31M contractual settlements for CIGS Solar business closure
- **Accounts receivable decreased to $115M (DSO = 39)**
- **Inventory increased by $14M to $128M - 4.5 turns**

Veeco

2011 Performance: Achieve $1B Revenue on High-End of Q4 Guidance

	Q4 2011	Full Year 2011
Revenue	\$175 - \$215M	\$963 – \$1,003M
Gross Margins	44-45%	48-49%
Operating Spending	\$49-\$51M	\$193-\$195M
Adjusted EBITA	17-22%	29-30%
GAAP EPS	\$0.46-\$0.78	\$4.49-\$4.79
Non-GAAP EPS	\$0.54-\$0.86	\$4.81-\$5.11

Note: Guidance is for Veeco's Continuing Operations
See reconciliation to GAAP at end of presentation

LED Update

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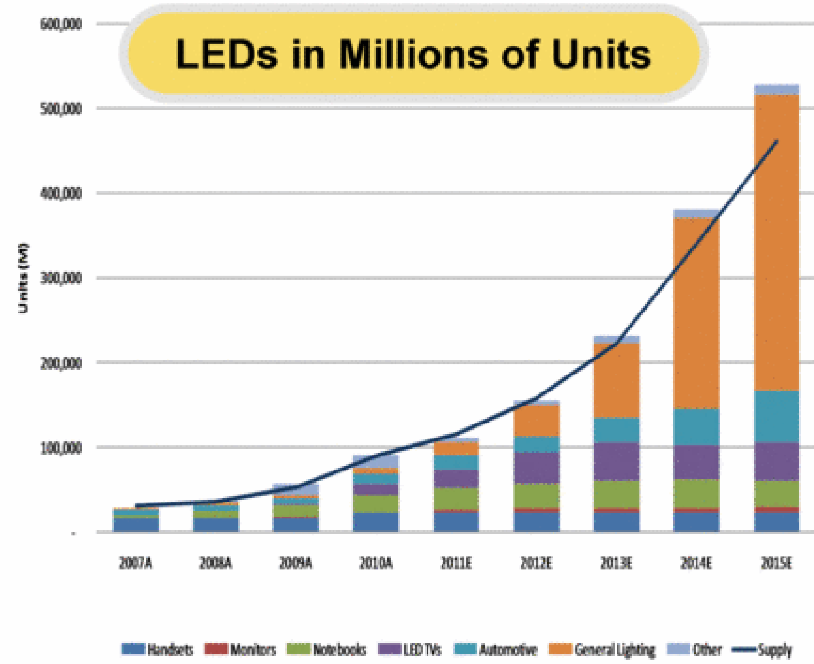
Positive LED Data Points

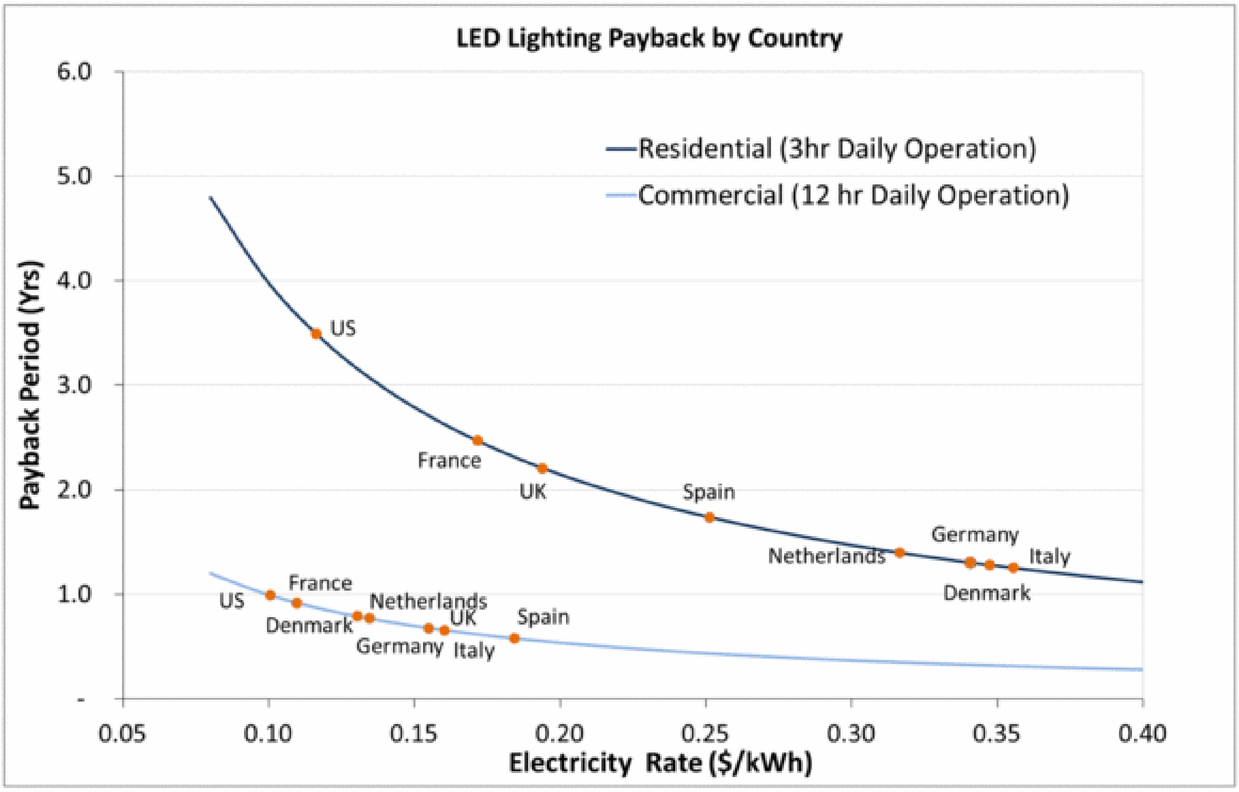
- TVs requiring higher-spec LEDs cause rush orders in September
- LED light bulbs sales in Japan reached 60% in Q3'11 (revenue shipment based)
- Continued solid growth in US & Europe LED lighting demand with falling ASP
- China expected to roll-out LED product subsidy programs soon



Source: Strategies Unlimited and Piper Jaffray Research

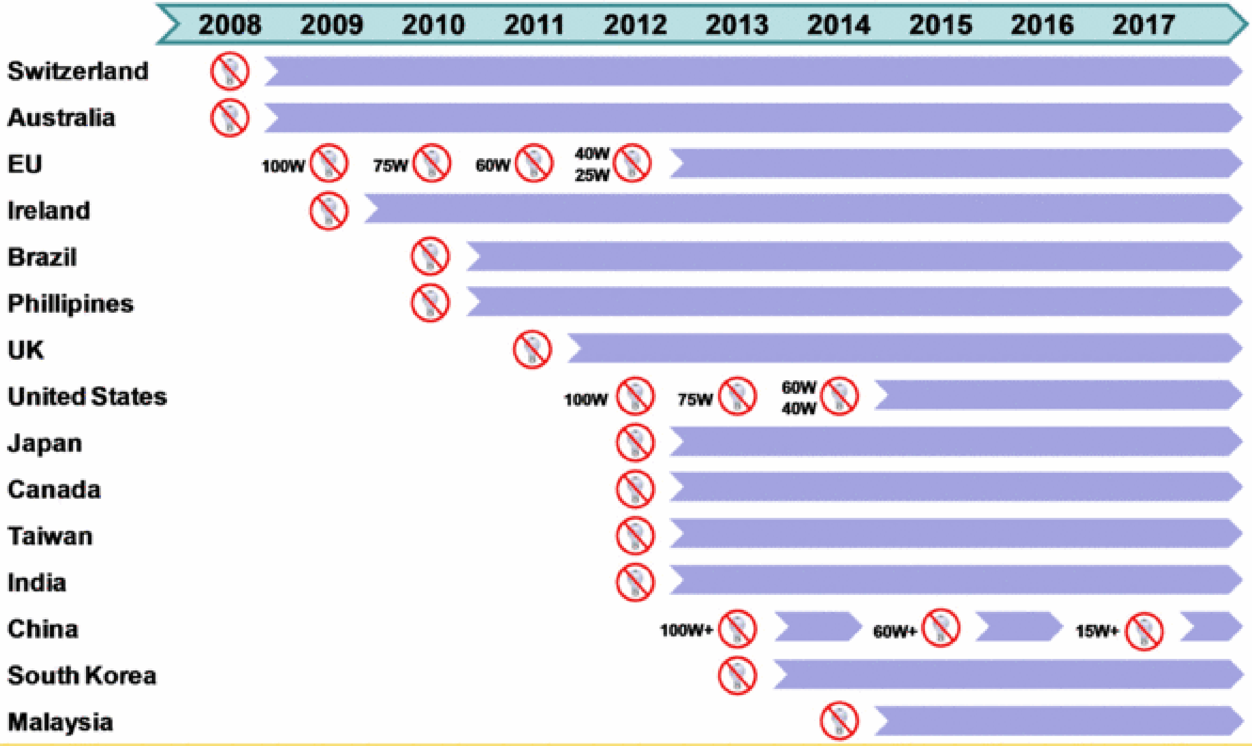
LED Lighting Inflection Point in 2012/13

LEDs "Pay back" in Electricity Costs Today



Source: JP Morgan Company Reports and Estimates

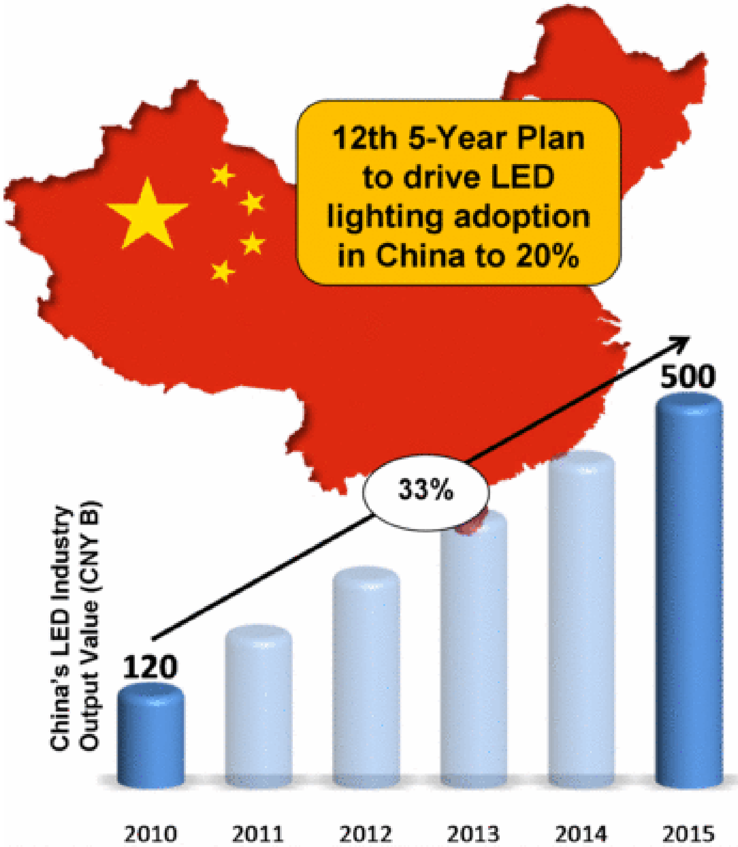
Incandescent Light Bulb Phase Outs Occurring Now



Global Phase Out of Incandescent Bulbs, Combined with Declining LED Prices Will Trigger Next Phase of LED Lighting Adoption

Source: LEDinside, PiperJaffray 10/2011, Morgan Stanley 9/14/2011

China Update: Short-Term Challenges Do Not Dampen Long-Term Opportunity



- MOCVD demands in China affected by
  - Facility readiness issues
  - Credit market tightening
  - Lack of qualified engineers
- China 12[th] 5-Year Plan (2011 to 2015)
  - NDRC considering offering direct subsidies for LED lighting to consumer in 2011
  - Develop innovative applications for LEDs (e.g. medical, agricultural & communications applications)
  - Goal to increase output value of LED industry value from CNY 120B to CNY500B

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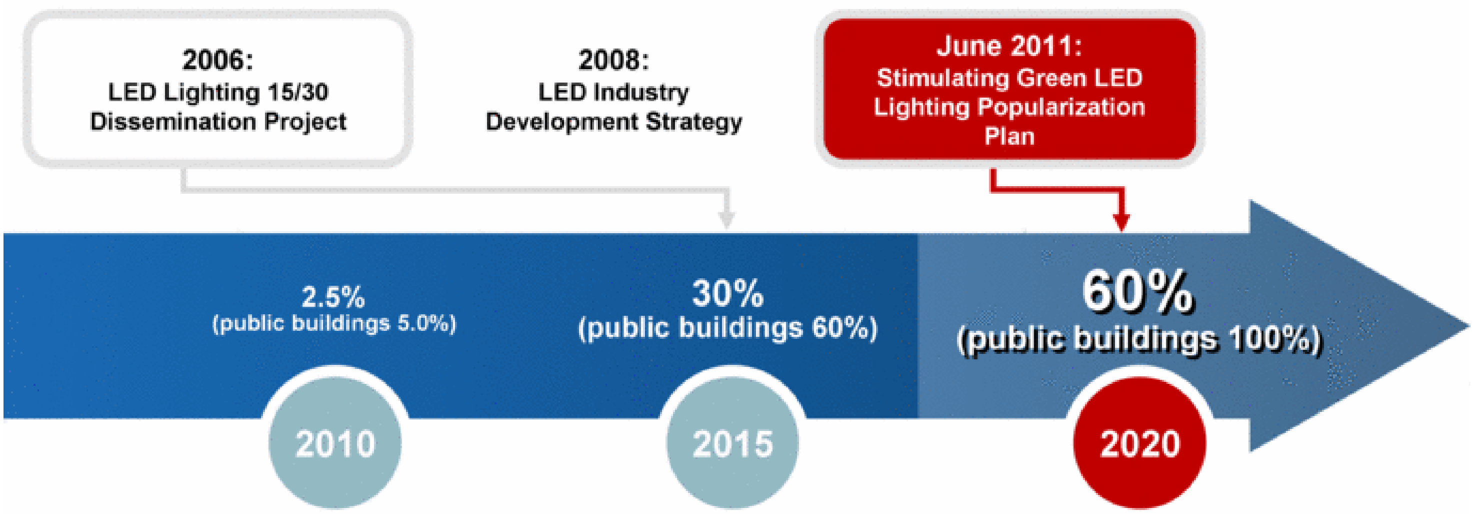
South Korea to Accelerate LED Lighting Adoption: "20-60 Plan"

LED Lighting Penetration Rate Roadmap



- Korean government could spend $1B 2011-2020 to reach target
- Long-term growth driver for LED lighting
- All Korean customers have MaxBright
- Veeco well positioned in Korea for further gains in next capex cycle

Source: LEDinside, Daiwa 6/9/2011, Displaybank 6/11/2011

Japan: LED Lighting Adoption Accelerating

- LED light bulb sales reached ~60% in 3Q
  - March earthquake accelerated sales due to restrictions on electricity consumption
  - LED light bulb sales have surpassed incandescent bulbs in Japan
- Rapid price drop of LED light bulbs
  - Price dropped to JPY1,600-1,700 (USD20-22) by June from JPY2,000 (USD26) in 1H 2011
- Korean and Taiwanese LED suppliers are expected to benefit from increased Japan demand
  - Japan accounts for 50% of Lextar's LED lighting sales
  - Samsung and LG targeting the growing market

- Continued LED lighting growth momentum in Japan
- Further boost in LED light bulb demand is expected from incandescent ban starting from 2012

Source: Digitimes 10/7/2011

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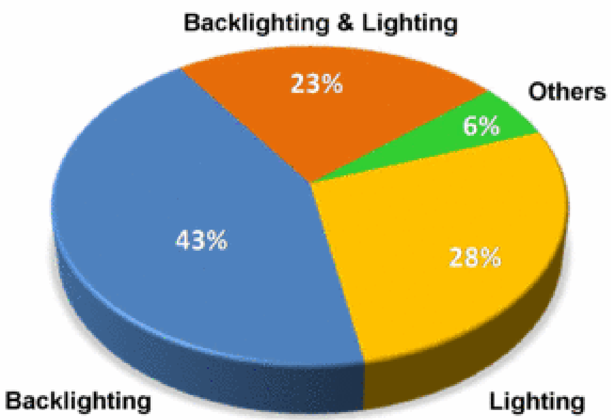
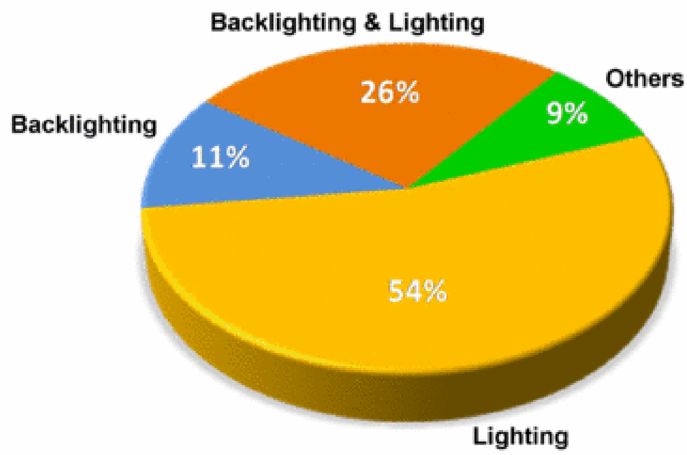
Veeco Customers Increasingly Focused on LED Lighting Opportunity

2010 Veeco MOCVD Shipments >330



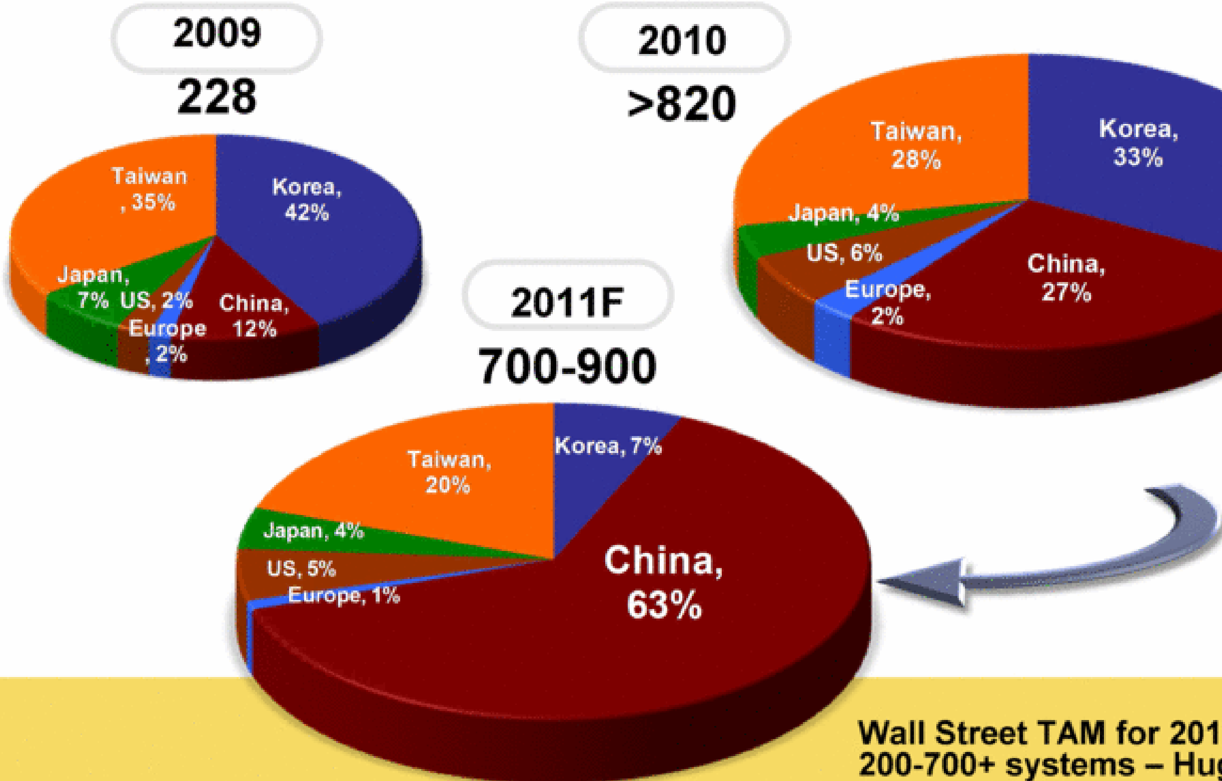
1Q-3Q'11 Veeco MOCVD Shipments >280[1]



MOCVD Shipments for Lighting Grew to over 50% in 1Q-3Q'11

1) Total shipments up to 2011 Q3

Total MOCVD Reactor Shipments by Region – Industry Estimate



Wall Street TAM for 2012 200-700+ systems – Huge Range of Estimates

Source: Analysts forecasts and Veeco estimates

MaxBright MOCVD System – Spectacular Market Acceptance Since Q1 Launch

- Orders received from top accounts across the globe
- Most productive tool on the market
- Well positioned for additional market share gains

MaxBright

Lowest Cost of Ownership

Highest throughput
Highest capacity
Highest footprint efficiency
Highest capital efficiency

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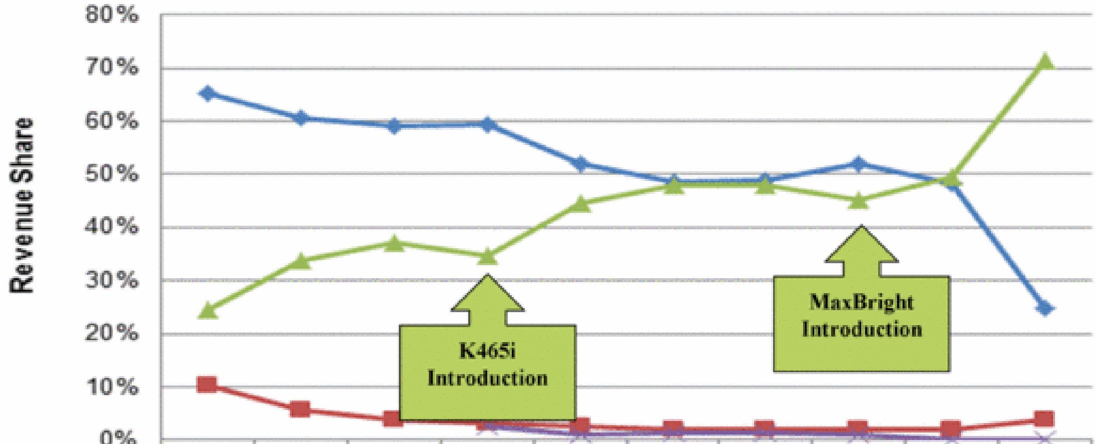
Veeco: MOCVD Market Leader



	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11
Aixtron	65%	61%	59%	59%	52%	49%	49%	52%	48%	25%
Nippon Sanso	10%	6%	4%	3%	3%	2%	2%	2%	2%	4%
Veeco	25%	34%	37%	35%	44%	48%	48%	45%	50%	71%
Other				3%	1%	1%	1%	1%	0%	0%

On a Revenue Basis, Veeco Gained 21% Market Share to Reach 71% in Q3'11

Source: IMS Research

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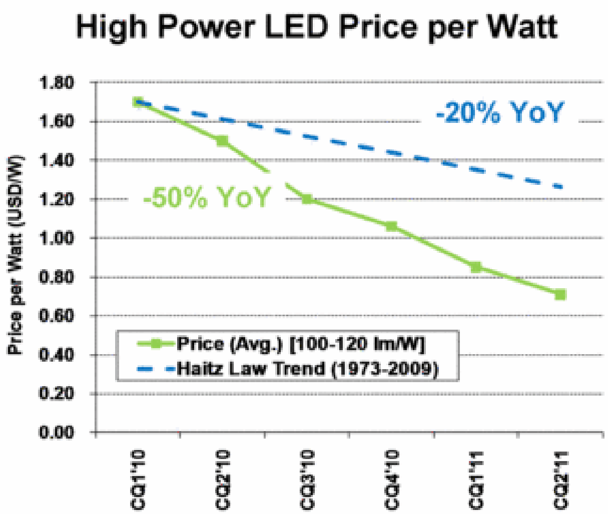
Closer to the Tipping Point For SSL Adoption… HB LED ASPs are Falling Faster than Expected



- High power LED ASPs have dropped ~50% YoY
- Much faster than Haitz Law historical trend ~20% YoY
- Analysts expect:
  - ~5-10% QoQ in CQ3-11
  - ~30% YoY in 2011

- Declining LED prices will drive more adoption & accelerate SSL growth
- Veeco tool performance plays a key part in enabling cost reduction

Source: LEDinside, Deutsche Bank 7/5/2011, Jefferies 7/7/2011, Lazard 7/8/2011, HSBC 7/12/2011

Data Storage Update

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Data, Data Everywhere Continues to Drive HDD Unit Growth

- People spend 500 billion minutes per month on Facebook
- More video uploaded in last 60 days than all 3 major US networks created in 60 years
- Mobile users make up 37% of the total

Every day, more than 3,000,000 Terabytes of new information is created

Source: Facebook

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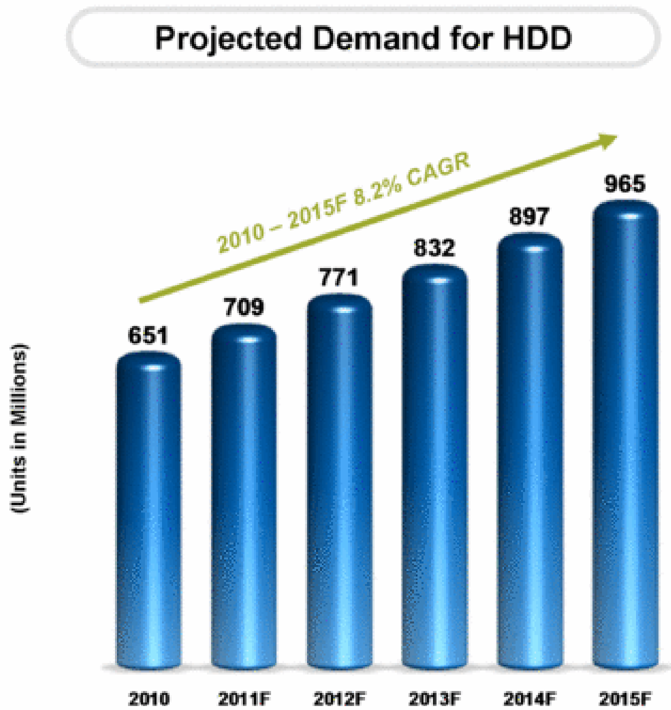
Data Storage Continues Double Digit Growth



Leading equipment supplier for thin film magnetic head manufacturing – clear technology leader

Close customer relationships, aligned roadmaps

Focused emerging applications, such as EAMR (Energy Assisted Magnetic Recording)

Efficient organization profitable through industry cycles

Key customers include all TFMH players:

Seagate Western Digital HITACHI TDK

Source: TrendFocus February 2011.

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Outlook

LED & Solar:

- LED pricing declines will continue to stimulate demand for solid state lighting on a global basis
- We expect widespread adoption of LED lighting…first in commercial, municipal and industrial and then in residential
- Despite some level of cyclicality… overall estimate of 5,000 reactor TAM from 2011-2015
- Veeco's MOCVD market position is the best it has ever been

Data Storage:

- Orders have been running at low levels throughout 2011
- Anticipate pent-up demand for new equipment once M&A is finalized

Wrap Up

- Well positioned for solid performance in 2012:
  - Exceptional product pipeline
  - Highly-variable operational model
  - Strong balance sheet
  - Proven ability to execute

- Expect to deliver double-digit EBITA performance next year

Safe Harbor Statement

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, 2010 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.

In addition, this presentation includes non-GAAP financial measures. For GAAP reconciliation, please refer to the reconciliation section in this presentation as well as Veeco's financial press releases and 10-K and 10-Q filings available on **www.veeco.com**.

Note: All results presented herein are for Veeco's "Continuing Operations" which exclude the Metrology business sold to Bruker Corporation on October 7, 2010 and the discontinued CIGS Solar Systems Business.

Q3 and Nine Month 2011 Income Statement

Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Net sales	$ 267,959	$ 277,094	$ 787,450	$ 631,130
Cost of sales	143,025	139,711	396,204	336,828
Gross profit	124,934	137,383	391,246	294,302
Operating expenses (income):				
Selling, general and administrative	23,569	23,303	73,966	59,326
Research and development	26,404	15,250	69,927	39,121
Amortization	1,277	928	3,519	2,785
Restructuring	-	-	-	(179)
Other, net	(199)	(267)	(227)	184
Total operating expenses	51,051	39,214	147,185	101,237
Operating income	73,883	98,169	244,061	193,065
Interest (income) expense, net	(244)	1,637	1,141	5,182
Loss on extinguishment of debt	-	-	3,349	-
Income from continuing operations before income taxes	74,127	96,532	239,571	187,883
Income tax provision	21,510	2,845	72,657	14,130
Income from continuing operations	52,617	93,687	166,914	173,753
Discontinued operations:				
Loss from discontinued operations before income taxes	(23,839)	(10,831)	(91,574)	(12,815)
Income tax benefit	(7,085)	(3,307)	(32,371)	(3,662)
Loss from discontinued operations	(16,754)	(7,524)	(59,203)	(9,153)
Net income	$ 35,863	$ 86,163	$ 107,711	$ 164,600
Income (loss) per common share:				
Basic:				
Continuing operations	$ 1.34	$ 2.35	$ 4.16	$ 4.40
Discontinued operations	(0.43)	(0.19)	(1.48)	(0.23)
Income	$ 0.91	$ 2.16	$ 2.68	$ 4.17
Diluted:				
Continuing operations	$ 1.31	$ 2.22	$ 3.98	$ 4.12
Discontinued operations	(0.41)	(0.18)	(1.41)	(0.21)
Income	$ 0.90	$ 2.04	$ 2.57	$ 3.91
Weighted average shares outstanding:				
Basic	39,335	39,946	40,132	39,508
Diluted	40,069	42,258	41,941	42,175

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Balance Sheets

Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 213,236	$ 245,132
Short-term investments	212,727	394,180
Restricted cash	22,901	76,115
Accounts receivable, net	115,168	150,528
Inventories, net	127,518	108,487
Prepaid expenses and other current assets	60,107	34,328
Assets held for sale	2,341	-
Deferred income taxes, current	6,975	13,803
Total current assets	760,973	1,022,573
Property, plant and equipment, net	76,232	42,320
Goodwill	56,271	52,003
Deferred income taxes	2,998	9,403
Other assets, net	37,749	21,735
Total assets	$ 934,223	$ 1,148,034
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 44,784	$ 32,220
Accrued expenses and other current liabilities	135,003	183,010
Deferred profit	5,911	4,109
Income taxes payable	4,446	56,369
Liabilities of discontinued segment held for sale	5,359	5,359
Current portion of long-term debt	243	101,367
Total current liabilities	195,746	382,434
Long-term debt	2,470	2,654
Other liabilities	755	434
Total liabilities	198,971	385,522
Equity	735,252	762,512
Total liabilities and equity	$ 934,223	$ 1,148,034

Q3 and Nine Month 2011 Reconciliation of GAAP to Non-GAAP Results

Reconciliation of GAAP to non-GAAP results
(In thousands, except per share data)
(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Adjusted EBITA				
Operating income	$ 73,883	$ 98,169	$ 244,061	$ 193,065
Adjustments:				
Amortization	1,277	928	3,519	2,785
Equity-based compensation	2,951	2,356	9,472	6,222
Restructuring	-	-	-	(179) (1)
Earnings from continuing operations before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	$ 78,111	$ 101,453	$ 257,052	$ 201,893
Non-GAAP Net Income				
Net income from continuing operations (GAAP basis)	$ 52,617	$ 93,687	$ 166,914	$ 173,753
Non-GAAP adjustments:				
Amortization	1,277	928	3,519	2,785
Equity-based compensation	2,951	2,356	9,472	6,222
Restructuring	-	-	-	(179) (1)
Loss on extinguishment of debt	-	-	3,349	-
Non-cash portion of interest expense	-	769 (2)	1,260 (2)	2,271 (2)
Income tax effect of non-GAAP adjustments	(3,498) (3)	(32,360) (3)	(6,441) (3)	(55,514) (3)
Non-GAAP Net Income	$ 53,347	$ 65,380	$ 178,073	$ 129,338
Non-GAAP earnings per diluted share excluding certain items ("Non-GAAP EPS")	$ 1.33	$ 1.55	$ 4.25	$ 3.07
Diluted weighted average shares outstanding	40,069	42,258	41,941	42,175

(1) During the first quarter of 2010, we recorded a restructuring credit of $0.2 million associated with a change in estimate.

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

(3) By the end of 2010, the Company had fully utilized all prior NOL and tax credit carryfowards. As a result, beginning in 2011, the Company utilized the with and without method, at a 30.76% effective rate forecasted for the full year, to determine the income tax effect of non-GAAP adjustments. During the second quarter of 2010 we provided for income taxes at a 35% statutory rate to determine the income tax effect of non-GAAP adjustments.

Veeco

Q4 Guidance Reconciliation

Reconciliation of GAAP to non-GAAP results
(In thousands, except per share data)
(Unaudited)

	Guidance for the three months ending December 31, 2011		
	LOW	HIGH	
Adjusted EBITA			
Operating income	$ 25,535	$ 43,535	
Adjustments:			
Amortization	1,237	1,237	
Equity-based compensation	3,410	3,410	
Earnings from continuing operations before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	$ 30,182	$ 48,182	
Non-GAAP Net Income			
Net income from continuing operations (GAAP basis)	$ 17,988	$ 30,526	
Non-GAAP adjustments:			
Amortization	1,237	1,237	
Equity-based compensation	3,410	3,410	
Income tax effect of non-GAAP adjustments	(1,538) (1)	(1,613)	(1)
Non-GAAP Net Income	$ 21,097	$ 33,560	
Non-GAAP earnings per diluted share excluding certain items ("Non-GAAP EPS")	$ 0.54	$ 0.86	
Diluted weighted average shares outstanding	39,000	39,000	

(1) By the end of 2010, the Company had fully utilized all prior NOL and tax credit carryfowards. As a result, beginning in 2011, the Company utilized the with and without method, at a 30.76% effective rate forecasted for the full year, to determine the income tax effect of non-GAAP adjustments.

Full Year 2011 Guidance Reconciliation

Reconciliation of GAAP to non-GAAP results
(In thousands, except per share data)
(Unaudited)

	Guidance for the year ending December 31, 2011 LOW	HIGH
Adjusted EBITA		
Operating income	$ 264,986	$ 282,986
Adjustments:		
Amortization	4,756	4,756
Loss on extinguishment of debt	3,349	3,349
Non-cash portion of interest expense	1,260	1,260
Equity-based compensation	12,881	12,881
Earnings from continuing operations before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	$ 287,232	$ 305,232
Non-GAAP Net Income		
Net income from continuing operations (GAAP basis)	$ 185,774	$ 198,374
Non-GAAP adjustments:		
Amortization	4,756	4,756
Equity-based compensation	12,881	12,881
Loss on extinguishment of debt	3,349	3,349
Non-cash portion of interest expense	1,260	1,260
Income tax effect of non-GAAP adjustments	(8,860) (1)	(8,996) (1)
Non-GAAP Net Income	$ 199,160	$ 211,624
Non-GAAP earnings per diluted share excluding certain items ("Non-GAAP EPS")	$ 4.81	$ 5.11
Diluted weighted average shares outstanding	41,400	41,400

(1) By the end of 2010, the Company had fully utilized all prior NOL and tax credit carryfowards. As a result, beginning in 2011, the Company utilized the with and without method, at a 30.76% effective rate forecasted for the full year, to determine the income tax effect of non-GAAP adjustments.

Veeco

Segment Data

Segment Bookings, Revenues, and Reconciliation
of Operating Income (Loss) to Adjusted EBITA (Loss)
(In thousands)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
LED & Solar				
Bookings	$ 111,898	$ 243,207	$ 583,424	$ 715,232
Revenues	$ 233,865	$ 242,613	$ 667,697	$ 537,662
Operating income	$ 70,899	$ 97,093	$ 227,917	$ 190,270
Amortization	924	487	2,364	1,461
Equity-based compensation	992	324	2,567	939
Adjusted EBITA	$ 72,815	$ 97,904	$ 232,848	$ 192,670
Data Storage				
Bookings	$ 21,188	$ 34,972	$ 91,350	$ 111,369
Revenues	$ 34,094	$ 34,481	$ 119,753	$ 93,468
Operating income	$ 7,185	$ 8,570	$ 31,087	$ 19,631
Amortization	353	383	1,072	1,149
Equity-based compensation	339	258	999	781
Restructuring	-	-	-	(179)
Adjusted EBITA	$ 7,877	$ 9,211	$ 33,158	$ 21,382
Unallocated Corporate				
Operating loss	$ (4,201)	$ (7,494)	$ (14,943)	$ (16,836)
Amortization	-	58	83	175
Equity-based compensation	1,620	1,774	5,906	4,502
Adjusted loss	$ (2,581)	$ (5,662)	$ (8,954)	$ (12,159)
Total				
Bookings	$ 133,086	$ 278,179	$ 674,774	$ 826,601
Revenues	$ 267,959	$ 277,094	$ 787,450	$ 631,130
Operating income	$ 73,883	$ 98,169	$ 244,061	$ 193,065
Amortization	1,277	928	3,519	2,785
Equity-based compensation	2,951	2,356	9,472	6,222
Restructuring	-	-	-	(179)
Adjusted EBITA	$ 78,111	$ 101,453	$ 257,052	$ 201,893

Income Statement Annual Periods – Reclassification for CIGS Discontinuation

(in thousands, except per share data)	2010	2009 (unaudited)	2008
	For the years ended December 31,		
Net sales			
As originally reported	$ 933,231	$ 282,412	$ 314,935
Adjustment for discontinued operations	(2,339)	(150)	(12,868)
As adjusted	$ 930,892	$ 282,262	$ 302,067
Gross profit			
As originally reported	$ 443,825	$ 111,235	$ 123,271
Adjustment for discontinued operations	5,661	3,024	(4,744)
As adjusted	$ 449,486	$ 114,259	$ 118,527
Operating expenses			
As originally reported	$ 166,250	$ 115,967	$ 169,411
Adjustment for discontinued operations	(20,018)	(9,339)	(6,829)
As adjusted	$ 146,232	$ 106,628	$ 162,582
Operating income (loss)			
As originally reported	$ 277,575	$ (4,732)	$ (46,140)
Adjustment for discontinued operations	25,679	12,363	2,085
As adjusted	$ 303,254	$ 7,631	$ (44,055)
Net income (loss) from continuing operations, attributable to Veeco			
As originally reported	$ 260,531	$ (14,164)	$ (50,603)
Adjustment for discontinued operations	16,645	12,452	2,085
As adjusted	$ 277,176	$ (1,712)	$ (48,518)
Basic income (loss) per share from continuing operations, attributable to Veeco			
As originally reported	$ 6.60	$ (0.43)	$ (1.62)
Adjustment for discontinued operations	0.42	0.38	0.07
As adjusted	$ 7.02	$ (0.05)	$ (1.55)
Diluted income (loss) per share from continuing operations, attributable to Veeco			
As originally reported	$ 6.13	$ (0.43)	$ (1.62)
Adjustment for discontinued operations	0.39	0.38	0.07
As adjusted	$ 6.52	$ (0.05)	$ (1.55)
Weighted average shares outstanding			
Basic	39,499	32,628	31,347
Diluted	42,514	32,628	31,347

Income Statement Quarterly Periods – Reclassification for CIGS Discontinuation

(in thousands, except per share data)	For the three months ended June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
	(unaudited)					
Net sales						
As originally reported	$ 264,815	$ 254,676	$ 299,998	$ 277,094	$ 221,389	$ 134,750
Adjustment for discontinued operations	-	-	(236)	-	-	(2,103)
As adjusted	$ 264,815	$ 254,676	$ 299,762	$ 277,094	$ 221,389	$ 132,647
Gross profit						
As originally reported	$ 100,068	$ 129,332	$ 152,802	$ 135,482	$ 98,800	$ 56,740
Adjustment for discontinued operations	35,281	1,631	2,381	1,901	1,483	(104)
As adjusted	$ 135,349	$ 130,963	$ 155,183	$ 137,383	$ 100,283	$ 56,636
Operating expenses						
As originally reported	$ 76,399	$ 49,663	$ 51,930	$ 43,833	$ 38,920	$ 31,565
Adjustment for discontinued operations	(24,020)	(5,908)	(6,936)	(4,619)	(4,424)	(4,038)
As adjusted	$ 52,379	$ 43,755	$ 44,994	$ 39,214	$ 34,496	$ 27,527
Operating income						
As originally reported	$ 23,669	$ 79,669	$ 100,872	$ 91,649	$ 59,880	$ 25,175
Adjustment for discontinued operations	59,301	7,539	9,317	6,520	5,907	3,934
As adjusted	$ 82,970	$ 87,208	$ 110,189	$ 98,169	$ 65,787	$ 29,109
Net income from continuing operations, attributable to Veeco						
As originally reported	$ 19,212	$ 53,083	$ 96,672	$ 91,104	$ 49,930	$ 22,825
Adjustment for discontinued operations	37,106	4,896	6,750	2,583	3,980	3,331
As adjusted	$ 56,318	$ 57,979	$ 103,422	$ 93,687	$ 53,910	$ 26,156
Basic income per share from continuing operations, attributable to Veeco						
As originally reported	$ 0.47	$ 1.33	$ 2.45	$ 2.28	$ 1.26	$ 0.59
Adjustment for discontinued operations	0.90	0.13	0.17	0.07	0.10	0.08
As adjusted	$ 1.37	$ 1.46	$ 2.62	$ 2.35	$ 1.36	$ 0.67
Diluted income per share from continuing operations, attributable to Veeco						
As originally reported	$ 0.45	$ 1.25	$ 2.30	$ 2.16	$ 1.15	$ 0.54
Adjustment for discontinued operations	0.86	0.11	0.16	0.06	0.09	0.08
As adjusted	$ 1.31	$ 1.36	$ 2.46	$ 2.22	$ 1.24	$ 0.62
Weighted average shares outstanding						
Basic	40,998	39,842	39,453	39,946	39,761	38,784
Diluted	43,002	42,531	41,972	42,258	43,506	42,269

Veeco

Adjusted EBITA and Non-GAAP Reporting – Reclassification for CIGS Discontinuation

Earnings (loss) from continuing operations before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")

(in thousands)	For the three months ended June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
	(unaudited)					
LED & Solar						
Adjusted EBITA						
As originally reported	$ 70,964	$ 73,963	$ 98,520	$ 91,785	$ 57,397	$ 28,358
Adjustment	8,089	7,014	9,122	6,119	5,451	3,560
As adjusted	$ 79,053	$ 80,977	$ 107,642	$ 97,904	$ 62,848	$ 31,918
Data Storage						
Adjusted EBITA						
As originally reported	$ 13,050	$ 12,231	$ 12,675	$ 9,377	$ 9,605	$ 2,877
Adjustment	-	-	(147)	(166)	(161)	(150)
As adjusted	$ 13,050	$ 12,231	$ 12,528	$ 9,211	$ 9,444	$ 2,727
Unallocated Corporate						
Loss						
As originally reported	$ (4,082)	$ (2,292)	$ (6,515)	$ (5,662)	$ (3,361)	$ (3,136)
Adjustment	-	-	-	-	-	-
As adjusted	$ (4,082)	$ (2,292)	$ (6,515)	$ (5,662)	$ (3,361)	$ (3,136)
Total Veeco						
Adjusted EBITA						
As originally reported	$ 79,932	$ 83,902	$ 104,680	$ 95,500	$ 63,641	$ 28,099
Adjustment for discontinued operations	8,089	7,014	8,975	5,953	5,290	3,410
As adjusted	$ 88,021	$ 90,916	$ 113,655	$ 101,453	$ 68,931	$ 31,509

Non-GAAP Net Income and Earnings Per Share ("EPS")

	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Total Veeco						
Non-GAAP Net Income						
As originally reported	$ 57,635	$ 56,551	$ 67,869	$ 61,563	$ 40,715	$ 17,590
Adjustment for discontinued operations	5,777	4,758	5,833	3,870	3,439	2,214
As adjusted	$ 63,412	$ 61,309	$ 73,702	$ 65,433	$ 44,154	$ 19,804
Total Veeco						
Non-GAAP EPS						
As originally reported	$ 1.34	$ 1.33	$ 1.62	$ 1.46	$ 0.94	$ 0.42
Adjustment for discontinued operations	$ 0.14	$ 0.11	$ 0.14	$ 0.09	$ 0.08	$ 0.05
As adjusted	$ 1.48	$ 1.44	$ 1.76	$ 1.55	$ 1.02	$ 0.47
Weighted average shares outstanding						
Diluted	43,002	42,531	41,972	42,258	43,506	42,269

Veeco

Reconciliation of GAAP to non-GAAP Results

(In thousands, except per share data)
(Unaudited)

	Three months ended June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Adjusted EBITA						
Operating income	$ 82,970	$ 87,208	$ 110,189	$ 98,169	$ 65,787	$ 29,109
Adjustments:						
Amortization	1,334	908	919	928	929	928
Equity-based compensation	3,717	2,800	2,547	2,356	2,215	1,651
Restructuring	-	-	-	-	-	(179)
Earnings from continuing operations before interest, income taxes and amortization excluding certain items ("Adjusted EBITA")	$ 88,021	$ 90,916	$ 113,655	$ 101,453	$ 68,931	$ 31,509
Non-GAAP Net Income						
Net income from continuing operations (GAAP basis)	$ 56,318	$ 57,979	$ 103,422	$ 93,687	$ 53,910	$ 26,156
Non-GAAP adjustments:						
Amortization	1,334	908	919	928	929	928
Equity-based compensation	3,717	2,800	2,547	2,356	2,215	1,651
Restructuring	-	-	-	-	-	(179)
Loss on extinguishment of debt	3,045	304	-	-	-	-
Non-cash portion of interest expense	490 (1)	769 (1)	1,123 (1)	850 (1)	760 (1)	741 (1)
Income tax effect of non-GAAP adjustments	(1,492) (2)	(1,451) (3)	(34,309) (4)	(32,388) (4)	(13,660) (4)	(9,493) (4)
Non-GAAP Net Income	$ 63,412	$ 61,309	$ 73,702	$ 65,433	$ 44,154	$ 19,804
Non-GAAP earnings per diluted share excluding certain items ("Non-GAAP EPS")	$ 1.48	$ 1.44	$ 1.76	$ 1.55	$ 1.02	$ 0.47
Diluted weighted average shares outstanding	43,002	42,531	41,972	42,258	43,506	42,269

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

(2) By the end of 2010, the Company had fully utilized all prior NOL and tax credit carryfowards. As a result, beginning in 2011, the Company utilized the with and without method, at a 32.17% effective rate forecasted for the full year, to determine the income tax effect of non-GAAP adjustments.

(3) By the end of 2010, the Company had fully utilized all prior NOL and tax credit carryfowards. As a result, beginning in 2011, the Company utilized the with and without method, at a 30.25% effective rate forecasted for the full year, to determine the income tax effect of non-GAAP adjustments.

(4) During 2010 we provided for income taxes at a 35% statutory rate 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, 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.