VEECO INSTRUMENTS INC

FORM 8-K
(Current report filing)

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Address	TERMINAL DRIVE PLAINVIEW, NY 11803
Telephone	516 677-0200
CIK	0000103145
Symbol	VECO
SIC Code	3559 - Special Industry Machinery, Not Elsewhere Classified
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): **April 27, 2009**

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))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2009, Veeco Instruments Inc. ("Veeco" or the "Company") issued a press release announcing its financial results for the quarter ended March 31, 2009 . In connection with the release and the related conference call, Veeco posted a presentation relating to its first 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* .

Exhibit	Description
99.1	Press release issued by Veeco Instruments Inc. dated April 27, 2009
99.2	Veeco Instruments Inc. Q1 2009 Financial Results dated April 27, 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.

April 27, 2009

By: /s/ Gregory A. Robbins

Gregory A. Robbins
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit	Description
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EXHIBIT 99.1

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 FIRST QUARTER 2009 FINANCIAL RESULTS

Plainview, NY, April 27, 2009 — Veeco Instruments Inc. (Nasdaq: VECO) announced its financial results for the first quarter ended March 31, 2009. Veeco will host a conference call reviewing these results at 5:00pm today at 877-856-1962 (toll free) or 719-325-4839. The call will also be webcast live on the Veeco website at www.veeco.com. A replay of the call will be available beginning at 8:00pm tonight through midnight on May 12, 2009 at 888-203-1112 or 719-457-0820, using passcode 5418442, 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)

	Q109	Q108
Revenues	$ 62.8	$ 102.3
Net loss	$ (20.9)	$ (2.3)
(Loss) EPS	$ (0.66)	$ (0.07)

Non-GAAP Results ($M except EPS)

	Q109	Q108
(Loss) EBITA	$ (9.7)	$ 6.9
(Loss) EPS	$ (0.22)	$ 0.13

John R. Peeler, Veeco's Chief Executive Officer, commented, "Veeco's first quarter results were in line with guidance in an extremely challenging market environment. Our balance sheet remained healthy with Veeco's quarter-ending cash balance standing at $93 million after a $9.6 million earn-out was paid for our 2008 solar acquisition. We are on-track with cost reduction plans, including increased outsourcing, manufacturing consolidation, materials cost management and workforce reductions. These efforts have already yielded declines in manufacturing overhead, service and operating expenses of over 20% since the third quarter of 2008."

Mr. Peeler continued, "Veeco's first quarter orders were $53 million, with extremely weak business conditions in all segments. LED & Solar orders were $28 million, down 26% from the first quarter of last year and 35% sequentially. One bright spot in Veeco's first quarter order rate is that we continue to build our solar business even in this difficult time: we booked a large, multi-system order from a Korean company entering the CIGS solar market, as well as orders for thermal sources from several leading European CIGS manufacturers. Data Storage orders were $8 million, down 44% sequentially to a historically low level, as customers continued their capital spending freeze. Metrology orders were $17 million, down approximately 45% both sequentially and compared to last year's first quarter, with weakness across all end markets including semiconductor, data storage, scientific research and industry."

First Quarter 2009 Summary

Veeco's revenue for the first quarter of 2009 was $62.8 million, compared to $102.3 million in the first quarter of 2008. Veeco's first quarter operating loss, including $4.4 million in restructuring charges and a $1.5 million inventory write-off, was ($18.9) million, compared to operating income of $0.2 million in the first quarter of 2008 (which also included restructuring and other charges). Veeco's first quarter 2009 (loss) earnings before interest, taxes and amortization (EBITA) excluding certain items was a loss of ($9.7) million compared to EBITA of $6.9 million in the prior year. First quarter 2009 net loss was ($20.9) million, or ($0.66) per share, compared to a net loss of ($2.3) million, or ($0.07) per share, last year. Excluding certain charges and using a 35% tax rate in both periods as detailed in the attached financial tables, loss per share was ($0.22) in the first quarter of 2009, compared to earnings per share of $0.13 in 2008. Historical financial data reflects the retrospective application of FASB Staff Position No. APB 14-1 " *Accounting for Convertible Debt Instruments* " which impacted the classification of debt, equity and the incurrence of non-cash interest expense.

Business Outlook and Guidance

Mr. Peeler commented, "We have moved swiftly to restructure Veeco in light of the very challenging start to 2009, and saw the initial impact of these cost reduction actions in the first quarter. Given the low first quarter order rate, beginning in the second quarter of 2009 we will be implementing additional cost cutting actions, primarily consisting of temporary salary reductions, reductions in bonuses and profit sharing, and plant shut-downs. These actions, when combined with those already underway, will reduce Veeco's manufacturing overhead, service and operating expenses by approximately $40 million in 2009 compared to last year."

"While we remain extremely cautious about business conditions, we see early signs of improvement going forward," continued Mr. Peeler. "These include improved equipment utilization rates, better quoting activity across our three businesses and no significant additional push-outs. We currently believe that second quarter orders will improve from the trough levels we experienced in the first quarter."

Veeco's second quarter 2009 revenues are currently forecasted to be between $60-70 million. Veeco is currently forecasting a per share loss of between ($0.64) — ($0.48) on a GAAP basis for the second quarter of 2009. Veeco expects to incur charges to earnings in the range of $2.7 to $3.2 million related to restructuring activities during the second quarter. Excluding these charges, amortization of $1.9 million, non-cash equity-based compensation of $2.3 million and non-cash interest of $0.7 million, and using a 35% tax rate, Veeco's second quarter loss per share is currently forecasted to be between ($0.24) to ($0.15) on a non-GAAP basis. Please refer to the attached financial tables for more details.

Mr. Peeler concluded, "We remain confident that Veeco will emerge from the present downturn with leading edge technology, a solid balance sheet and a leaner, more cost-effective organizational structure. Despite the near-term pause in customer spending, we continue to invest heavily in R&D to remain aligned with technology roadmaps across our three businesses. We anticipate strong multi-year LED industry growth tied to further adoption for applications such as TVs and laptops, driving purchases of Veeco MOCVD tools. In Solar, we are excited about customer interest in our CIGS thin film solar equipment product line. In Data Storage, we remain focused on providing customers with solutions that increase thin film magnetic head areal density while maximizing their equipment return on capital. In Metrology, Veeco is receiving positive customer response to our recently launched Dimension ® ICON™ and BioScope™ Catalyst™ AFMs, and continue to accelerate development of new high-performance products, featuring expanded functionality and ease of use."

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 March 31, 2009	Three months ended March 31, 2008
Net sales	$ 62,849	$ 102,307
Cost of sales	42,467	59,681
Gross profit	20,382	42,626
Operating expenses:		
Selling, general and administrative expense	18,607	22,628
Research and development expense	12,886	14,726
Amortization expense	1,829	1,956
Restructuring expense	4,431	2,875
Asset impairment charge	—	285
Other expense, net	1,486	4
Total operating expenses	39,239	42,474
Operating (loss) income	(18,857)	152
Interest expense, net	1,709	1,605
Loss before income taxes	(20,566)	(1,453)
Income tax provision	378	919
Net loss including noncontrolling interest	(20,944)	(2,372)
Net loss attributable to noncontrolling interest	(42)	(76)
Net loss attributable to Veeco	$ (20,902)	$ (2,296)
Loss per common share:		
Net loss attributable to Veeco	$ (0.66)	$ (0.07)
Diluted net loss attributable to Veeco	$ (0.66)	$ (0.07)
Weighted average shares outstanding	31,515	31,161
Diluted weighted average shares outstanding	31,515	31,161

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

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 93,048	$ 103,799
Accounts receivable, net	37,911	59,659
Inventories, net	88,729	94,930
Prepaid expenses and other current assets	6,217	6,425
Deferred income taxes	2,077	2,185
Total current assets	227,982	266,998
Property, plant and equipment, net	63,275	64,372
Goodwill	59,160	59,160
Other assets, net	36,858	39,011
Total assets	$ 387,275	$ 429,541
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 25,050	$ 29,610
Accrued expenses	50,307	66,964
Deferred profit	1,425	1,346
Current portion of long-term debt	200	196
Income taxes payable	13	354
Total current liabilities	76,995	98,470
Deferred income taxes	4,771	4,540
Long-term debt	98,971	98,330
Other non-current liabilities	1,941	2,391
Total non-current liabilities	105,683	105,261
Shareholders' equity attributable to Veeco	203,855	225,026
Noncontrolling interest	742	784
Total shareholders' equity	204,597	225,810
Total liabilities and shareholders' equity	$ 387,275	$ 429,541

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

	Three months ended March 31,	
	2009	**2008**
Operating (loss) income	$ (18,857)	$ 152
Adjustments:		
Amortization expense	1,829	1,956
Equity-based compensation expense	1,398	1,609
Restructuring expense	4,431(1)	2,875(2)
Asset impairment charge	—	285(3)
Inventory write-off	1,526(4)	—
(Loss) earnings before interest, income taxes and amortization excluding certain items (“EBITA”)	(9,673)	6,877
Interest expense, net	1,709	1,605
Adjustment to add back non-cash portion of interest expense	(699)(5)	(713)(5)
(Loss) earnings excluding certain items before income taxes	(10,683)	5,985
Income tax benefit (provision) at 35%	3,739	(2,095)
Loss (earnings) excluding certain items	(6,944)	3,890
Loss attributable to noncontrolling interest, net of income tax benefit at 35%	(27)	(49)
(Loss) earnings excluding certain items attributable to Veeco	$ (6,917)	$ 3,939
(Loss) earnings excluding certain items per diluted share attributable to Veeco	$ (0.22)	$ 0.13
Diluted weighted average shares outstanding	31,515	31,301

(1) During the first quarter of 2009, the Company recorded a restructuring charge of $4.4 million, consisting primarily of personnel severance and related costs.

(2) During the first quarter of 2008, the Company recorded a restructuring charge of $2.9 million, consisting of $2.6 million of costs associated with the consolidation and relocation of the lease for our Corporate headquarters, and $0.3 million of personnel severance costs.

(3) During the first quarter of 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.

(4) During the first quarter of 2009, the Company recorded a $1.5 million inventory write-off in its Data Storage segment associated with the discontinuance of certain products. This was included in cost of sales in the GAAP income statement.

(5) 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 (Loss) Income to EBITA
(In thousands)
(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
LED & Solar Process Equipment		
Bookings	$ 28,521	$ 38,677
Revenues	$ 22,202	$ 42,132
Operating (loss) income	$ (5,377)	$ 8,105
Amortization expense	775	487
Equity-based compensation expense	156	75
Restructuring expense	734	—
(Loss) EBITA **	$ (3,712)	$ 8,667
Data Storage Process Equipment		
Bookings	$ 7,818	$ 40,610
Revenues	$ 16,905	$ 24,078
Operating loss	$ (5,201)	$ (2,548)
Amortization expense	405	952
Equity-based compensation expense	252	151
Restructuring expense	1,386	124
Inventory write-off	1,526	—
(Loss) EBITA **	$ (1,632)	$ (1,321)
Metrology		
Bookings	$ 16,711	$ 29,972
Revenues	$ 23,742	$ 36,097
Operating (loss) income	$ (5,642)	$ 1,226
Amortization expense	577	406
Equity-based compensation expense	236	126
Restructuring expense	2,124	190
(Loss) EBITA **	$ (2,705)	$ 1,948
Unallocated Corporate		
Operating loss	$ (2,637)	$ (6,631)
Amortization expense	72	111
Equity-based compensation expense	754	1,257
Restructuring expense	187	2,561
Asset impairment charge	—	285
(Loss) EBITA **	$ (1,624)	$ (2,417)
Total		
Bookings	$ 53,050	$ 109,259
Revenues	$ 62,849	$ 102,307
Operating (loss) income	$ (18,857)	$ 152
Amortization expense	1,829	1,956
Equity-based compensation expense	1,398	1,609
Restructuring expense	4,431	2,875
Inventory write-off	1,526	—
Asset impairment charge	—	285
(Loss) EBITA **	$ (9,673)	$ 6,877

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

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

	Guidance for the three months ended June 30, 2009	
	LOW	**HIGH**
Operating loss	$ (18,100)	$ (13,000)
Adjustments:		
Amortization expense	1,900	1,900
Restructuring expense	3,200(1)	2,700(1)
Equity-based compensation expense	2,300	2,300
Loss before interest, income taxes and amortization excluding certain items ("EBITA")	(10,700)	(6,100)
Interest expense, net	1,700	1,700
Adjustment to add back non-cash portion of interest expense	(700)(2)	(700)(2)
Loss excluding certain items before income taxes	(11,700)	(7,100)
Income tax benefit at 35%	(4,095)	(2,485)
Loss excluding certain items	(7,605)	(4,615)
Loss attributable to noncontrolling interest, net of income tax benefit at 35%	—	—
Loss excluding certain items attributable to Veeco	$ (7,605)	$ (4,615)
Loss per diluted share excluding certain items attributable to Veeco	$ (0.24)	$ (0.15)
Diluted weighted average shares outstanding	31,600	31,600

(1) During the second quarter of 2009, the Company expects to record a restructuring charge between $2.7 and $3.2 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.

Exhibit 99.2

First Quarter 2009 Highlights

- Revenue was $62.8 million, down 39% compared to $102.3 million in Q108, in line with guidance of $60-70 million.

- Bookings were $53.1 million, down 51% compared to $109.3 million Q108.

- Net loss was ($20.9) million, or ($0.66) per share, compared to a net loss of ($2.3) million, or ($0.07) per share, last year. Veeco's guidance was for GAAP EPS to be between ($0.72) – ($0.56) per share.

- Veeco's loss per share, excluding certain items, was ($0.22) compared to earnings per share of $0.13 last year, in line with Veeco's guidance of ($0.25)-($0.17) per share.

First Quarter 2009 Highlights (continued)

- Balance sheet remained healthy
  - Cash balance $93M after $9.6M earn-out for Solar acquisition

- Executing on cost reduction plans including:
  - Increased outsourcing
  - Manufacturing site consolidation – 8 to 4
  - Materials costs management
  - Workforce reduction: Veeco's headcount approximately 1091 end of March compared to 1318 end of September… goal to be at or below 1000 by end of year

- Q109 manufacturing, service and operating expenses declined over 20% from Q308

- Goal to achieve breakeven cost structure below $80M by Q309

Veeco

Q1 2009 Financials

($M except EPS)	Q1 ’09	Q1 ’08	Q4 ’08
Orders	$53.1	$109.3	$88.5
Revenues	$62.8	$102.3	$110.3
Gross Margin*	34.9%	41.7%	39.5%
Operating (Loss) Income	($18.9)	$0.2	($77.1)
(Loss) EBITA**	($9.7)	$6.9	$6.2
(Loss) EPS (Non-GAAP)**	($0.22)	$0.13	$0.11

*Excludes charges
**See reconciliation to GAAP at end of presentation

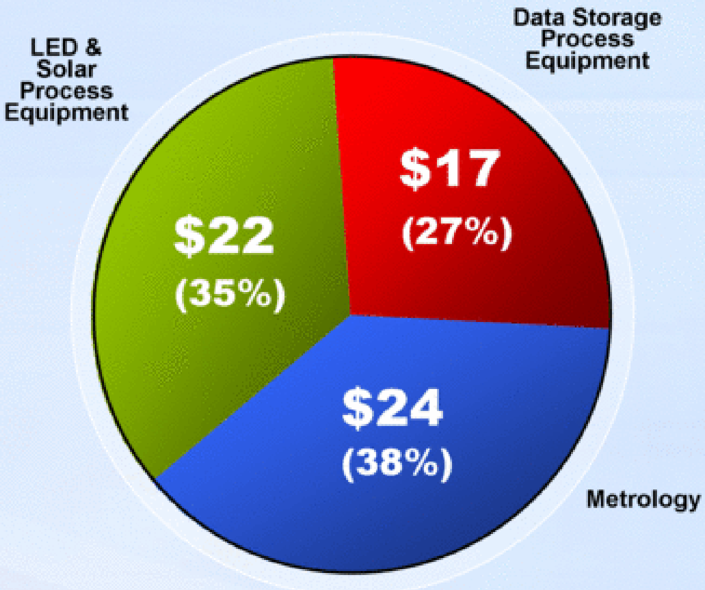
Veeco

First Quarter 2009 Bookings Recap

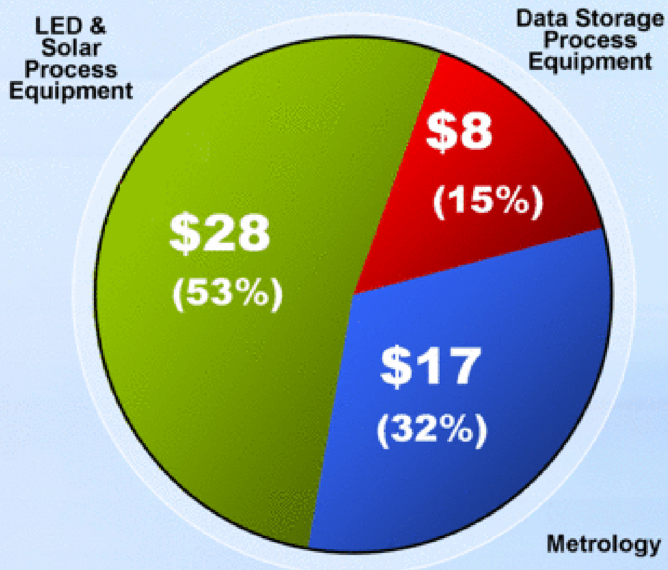
- Q109 bookings $53M: business conditions extremely weak in all segments
  - Making traction in building solar business - one bright spot in Q1 bookings
    - Daiyang Metals multi-unit system order
    - Thermal sources continue "key account" penetration – orders from several leading European CIGS manufacturers
  - MOCVD expected pause occurred – very low level systems bookings
  - DS historically low level – cap ex freeze continues – even "non-systems" business declined on low utilization of tools in the field
  - Metrology – weak across all end markets

First Quarter 2009 Segment Results

Q1 ‘09 Revenues ($M)
$63 Million



Q1 ‘09 Bookings ($M)
$53 Million



Q1 2009 Segment Performance

$m	Bookings Q1 '09	Bookings Q1 '08	Bookings Δ	Revenues Q1 '09	Revenues Q1 '08	Revenues Δ	EBITA* Q1 '09	EBITA* Q1 '08
LED & Solar	$28.5	$38.7	-26%	$22.2	$42.1	-47%	($3.7)	$8.7
Data Storage	7.8	40.6	-81%	16.9	24.1	-30%	(1.6)	(1.3)
Metrology	16.8	30.0	-44%	23.7	36.1	-34%	(2.7)	1.9
Unallocated Corporate							(1.7)	(2.4)
Veeco Total	*$53.1*	*$109.3*	*-51%*	*$62.8*	*$102.3*	*-39%*	*($9.7)*	*$6.9*

*See reconciliation to GAAP at end of presentation

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Q2 2009 Guidance

Revenues	$60-70 million
LPS GAAP	($0.64) – ($0.48) per share
Non-GAAP LPS	$(0.24) – ($0.15) (utilizing 35% tax rate)
	Non-GAAP Calculation also excludes:
	Estimated Q2 restructuring charges of $2.7 to $3.2 million
	Amortization of $1.9 million
	Equity-based compensation of $2.3 million
	Non-cash interest of $0.7 million
Balance Sheet	Anticipate modest use of cash in Q2

Veeco

Business Outlook

- Remain extremely cautious… but…early signs of improvement
  - LED: improved utilization rates of equipment, increased quoting activity, no significant additional push-outs
  - Solar: actively quoting systems to large number of potential CIGS customers
  - Data Storage: equipment utilization up, customers' business conditions improve
  - Metrology
    - Increased quoting activity for instruments…positive response to ICON and Catalyst new tools
    - Potential positive impact of Stimulus funding (NIST/NSF, etc) to Veeco research/university customer base in 2H09

Veeco

Business Outlook

- Due to weak Q1 order rate, Veeco is implementing additional temporary cost cutting activities:
  - Salary reductions, reductions in bonuses and profit sharing and plant shut-downs
- When combined with those actions already underway… will reduce manufacturing overhead, service and operating expenses by approximately $40M in 2009 vs. 2008
- Currently believe Q2 orders will improve from Q1 trough level

Restructuring Program Drives Lower Breakeven in 2009

	Q4 '08	Q1 '09	Q2 '09F	Breakeven Quarter	"Modest Recovery Quarter"	"End Market Recovery Model"
Revenue	$110M	$63M	$60-70M	$80M	$90-100M	$110-120M
GM	40%	35%	33-35%	41-42%	43-44%	45-46%
Operating Spending	$38M	$33M	$32-33M	$34-35M	$35-36M	$35-36M
EBITA %	7%	(15%)	(18-9%)	0-1%	6-7%	15-17%

Note: See reconciliation tables

Veeco

Veeco Balance Sheet

(in millions)	March 31, 2009	December 31, 2008
Cash Equivalents	$93.0*	$103.8
Working Capital	$151.0	$168.5
Fixed Assets, Net	$63.3	$64.4
Total Assets	$387.3	$429.5
Long-Term Debt (including current portion)	$99.2	$98.5
Shareholder's Equity	$204.6	$225.8

* Earn-out paid to Mill Lane Engineering solar acquisition in Q1'09 was $9.6M

Veeco

Safe Harbor Statement

To the extent that this presentation discusses expectations or otherwise make 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 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, 2008 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.

Veeco

Back-Up and Reconciliation Slides

Income Statements

(In thousands, except per share data)	Three months ended March 31, 2009	2008
Net sales	$62,849	$102,307
Cost of sales	42,467	59,681
Gross profit	20,382	42,626
Operating expenses:		
Selling, general and administrative expense	18,607	22,628
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Total operating expenses	39,239	42,474
Operating (loss) income	(18,857)	152
Interest expense, net	1,709	1,605
Loss before income taxes	(20,566)	(1,453)
Income tax provision	378	919
Net loss including noncontrolling interest	(20,944)	(2,372)
Net loss attributable to noncontrolling interest	(42)	(76)
Net loss attributable to Veeco	($20,902)	($2,296)
Loss per common share:		
Net loss attributable to Veeco	($0.66)	($0.07)
Diluted net loss attributable to Veeco	($0.66)	($0.07)
Weighted average shares outstanding	31,515	31,161
Diluted weighted average shares outstanding	31,515	31,161

Veeco

Balance Sheets

(In thousands)	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 93,048	$ 103,799
Accounts receivable, net	37,911	59,659
Inventories, net	88,729	94,930
Prepaid expenses and other current assets	6,217	6,425
Deferred income taxes	2,077	2,185
Total current assets	227,982	266,998
Property, plant and equipment, net	63,275	64,372
Goodwill	59,160	59,160
Other assets, net	36,858	39,011
Total assets	$ 387,275	$ 429,541
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 25,050	$ 29,610
Accrued expenses	50,307	66,964
Deferred profit	1,425	1,346
Current portion of long-term debt	200	196
Income taxes payable	13	354
Total current liabilities	76,995	98,470
Deferred income taxes	4,771	4,540
Long-term debt	98,971	98,330
Other non-current liabilities	1,941	2,391
Total non-current liabilities	105,683	105,261
Shareholders' equity attributable to Veeco	203,855	225,026
Noncontrolling interest	742	784
Total shareholders' equity	204,597	225,810
Total liabilities and shareholders' equity	$ 387,275	$ 429,541

Veeco

Reconciliation to GAAP Measure Table

($ in thousands, except per share data)	Three months ended March 31, 2009		Three months ended March 31, 2008	
Operating (loss) income	($18,857)		$152	
Adjustments:				
Amortization expense	1,829		1,956	
Equity-based compensation expense	1,398		1,609	
Restructuring expense	4,431	(1)	2,875	(2)
Asset impairment charge	-		285	(3)
Inventory write-off	1,526	(4)	-	
(Loss) earnings before interest, income taxes and amortization excluding certain items ("EBITA")	(9,673)		6,877	
Interest expense, net	1,709		1,605	
Adjustment to add back non-cash portion of interest expense	(699)	(5)	(713)	(5)
(Loss) earnings excluding certain items before income taxes	(10,683)		5,985	
Income tax benefit (provision) at 35%	3,739		(2,095)	
Loss (earnings) excluding certain items	(6,944)		3,890	
Loss attributable to noncontrolling interest, net of income tax benefit at 35%	(27)		(49)	
(Loss) earnings excluding certain items attributable to Veeco	($6,917)		$3,939	
(Loss) earnings excluding certain items per diluted share attributable to Veeco	($0.22)		$0.13	
Diluted weighted average shares outstanding	31,515		31,301	

(1) During the first quarter of 2009, the Company recorded a restructuring charge of $4.4 million, consisting primarily of personnel severance and related costs.

(2) During the first quarter of 2008, the Company recorded a restructuring charge of $2.9 million, consisting of $2.6 million of costs associated with the consolidation and relocation of the lease for our Corporate headquarters, and $0.3 million of personnel severance costs.

(3) During the first quarter of 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.

(4) During the first quarter of 2009, the Company recorded a $1.5 million inventory write-off in its Data Storage segment associated with the discontinuance of certain products. This was included in cost of sales in the GAAP income statement.

(5) 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 Data

($ in thousands)		Three months ended March 31, 2009		March 31, 2008
LED & Solar Process Equipment				
Bookings	$	28,521	$	38,677
Revenues	$	22,202	$	42,132
Operating (loss) income	$	(5,377)	$	8,105
Amortization expense		775		487
Equity-based compensation expense		156		75
Restructuring expense		734		-
(Loss) EBITA **	$	(3,712)	$	8,667
Data Storage Process Equipment				
Bookings	$	7,818	$	40,610
Revenues	$	16,905	$	24,078
Operating loss	$	(5,201)	$	(2,548)
Amortization expense		405		952
Equity-based compensation expense		252		151
Restructuring expense		1,386		124
Inventory write-off		1,526		-
(Loss) EBITA **	$	(1,632)	$	(1,321)
Metrology				
Bookings	$	16,711	$	29,972
Revenues	$	23,742	$	36,097
Operating (loss) income	$	(5,642)	$	1,226
Amortization expense		577		406
Equity-based compensation expense		236		126
Restructuring expense		2,124		190
(Loss) EBITA **	$	(2,705)	$	1,948
Unallocated Corporate				
Operating loss	$	(2,637)	$	(6,631)
Amortization expense		72		111
Equity-based compensation expense		754		1,257
Restructuring expense		187		2,561
Asset impairment charge		-		285
(Loss) EBITA **	$	(1,624)	$	(2,417)
Total				
Bookings	$	53,050	$	109,259
Revenues	$	62,849	$	102,307
Operating (loss) income	$	(18,857)	$	152
Amortization expense		1,829		1,956
Equity-based compensation expense		1,398		1,609
Restructuring expense		4,431		2,875
Inventory write-off		1,526		-
Asset impairment charge		-		285
(Loss) EBITA **	$	(9,673)	$	6,877

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

Veeco

Q2 '09 Guidance

(Unaudited)	Guidance for the three months ended June 30, 2009 LOW		HIGH	
Operating loss	($18,100)		($13,000)	
Adjustments:				
Amortization expense	1,900		1,900	
Restructuring expense	3,200	(1)	2,700	(1)
Equity-based compensation expense	2,300		2,300	
Loss before interest, income taxes and amortization excluding certain items ("EBITA")	(10,700)		(6,100)	
Interest expense, net	1,700		1,700	
Adjustment to add back non-cash portion of interest expense	(700)	(2)	(700)	(2)
Loss excluding certain items before income taxes	(11,700)		(7,100)	
Income tax benefit at 35%	(4,095)		(2,485)	
Loss excluding certain items	(7,605)		(4,615)	
Loss attributable to noncontrolling interest, net of income tax benefit at 35%	-		-	
Loss excluding certain items attributable to Veeco	($7,605)		($4,615)	
Loss per diluted share excluding certain items attributable to Veeco	($0.24)		($0.15)	
Diluted weighted average shares outstanding	31,600		31,600	

(1) During the second quarter of 2009, the Company expects to record a restructuring charge between $2.7 and $3.2 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

Retroactive Application of FASB Staff Position APB 14-1 and SFAS 160

BALANCE SHEETS:	(Unaudited)	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Long-term debt								
As originally reported		$108,669	$120,889	$120,939	$120,987	$121,035	$146,450	$146,496
Adjustment for FSP APB 14-1	(1)	(10,339)	(12,283)	(13,023)	(13,754)	(14,467)	(15,172)	(15,860)
As adjusted		$98,330	$108,606	$107,916	$107,233	$106,568	$131,278	$130,636
Additional paid-in capital								
As originally reported		$409,982				$399,795		
Adjustment for FSP APB 14-1	(1)	16,318				16,318		
As adjusted		$426,300				$416,113		
Accumulated deficit								
As originally reported		($202,778)				($131,715)		
Adjustment for FSP APB 14-1	(1)	(5,979)				(1,851)		
As adjusted		($208,757)				($133,566)		
Total shareholders' equity								
As originally reported		$214,687	$284,232	$281,744	$276,860	$273,677	$280,422	$282,406
Adjustment for FSP APB 14-1	(1)	10,339	12,283	13,023	13,754	14,467	15,172	15,860
Shareholders' equity attributable to Veeco as adjusted		225,026	296,515	294,767	290,614	288,144	295,594	298,266
Adjustment for noncontrolling interest per SFAS 160	(2)	784	814	868	938	1,014	1,160	1,802
Total shareholders' equity as adjusted		$225,810	$297,329	$295,635	$291,552	$289,158	$296,754	$300,068

(1) We adopted FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) ("FSP APB 14-1") as of January 1, 2009 and have applied it retrospectively to our 4.125% Convertible Subordinated Notes ("Notes") for all periods presented, as required. FSP APB 14-1 requires issuers of convertible debt that can be settled in cash to separately account for (i.e., bifurcate) the portion of the debt associated with the conversion feature and reclassify this portion to stockholders' equity. The liability portion, which represents the fair value of the debt without the conversion feature, is accreted to its face value using the effective interest method by amortizing the discount between the face amount and the fair value. The amortization is recorded as non-cash interest expense. The $5.0 million net gain we recorded in connection with the November 2008 repurchase of $12.2 million of the Notes was reduced to $3.8 million upon the adoption of FSP APB 14-1, which required that the gain be calculated based on the fair value of the portion repurchased as of the repurchase date.

(2) We adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51 ("SFAS 160"), as of January 1, 2009. The most significant provisions of this statement result in changes to the presentation of noncontrolling interests in the consolidated financial statements, such as including noncontrolling interests as a part of total shareholders' equity on the balance sheet. Prior to the adoption of SFAS 160 we presented noncontrolling interests in the mezzanine between liabilities and shareholders' equity. The adoption of this statement impacted the manner in which we present noncontrolling interest for all periods but did not impact our consolidated financial position or results of operations in any period.

Veeco

Retroactive Application of FASB Staff Position APB 14-1 and SFAS 160

STATEMENTS OF OPERATIONS: (Unaudited)		Three months ended December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Interest expense, net								
As originally reported		$899	$1,052	$969	$892	$757	$665	$772
Adjustment for FSP APB 14-1	(1)	733	740	731	713	705	688	458
As adjusted		$1,632	$1,792	$1,700	$1,605	$1,462	$1,353	$1,230
Gain on extinguishment of debt								
As originally reported		($4,969)	-	-	-	-	-	-
Adjustment for FSP APB 14-1	(1)	1,211	-	-	-	-	-	-
As adjusted		($3,758)	-	-	-	-	-	-
Net (loss) income attributable to Veeco	(2)							
As originally reported		($72,009)	($1,673)	$4,202	($1,583)	($9,374)	($5,683)	($2,595)
Adjustment for FSP APB 14-1	(1)	(1,944)	(740)	(731)	(713)	(705)	(688)	(458)
As adjusted		($73,953)	($2,413)	$3,471	($2,296)	($10,079)	($6,371)	($3,053)
Net (loss) income per share attributable to Veeco	(2)							
As originally reported		($2.29)	($0.05)	$0.13	($0.05)	($0.30)	($0.18)	($0.08)
Adjustment for FSP APB 14-1	(1)	(0.06)	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
As adjusted		($2.35)	($0.08)	$0.11	($0.07)	($0.32)	($0.20)	($0.10)
Diluted (loss) income per share attributable to Veeco	(2)							
As originally reported		($2.29)	($0.05)	$0.13	($0.05)	($0.30)	($0.18)	($0.08)
Adjustment for FSP APB 14-1	(1)	(0.06)	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
As adjusted		($2.35)	($0.08)	$0.11	($0.07)	($0.32)	($0.20)	($0.10)
Weighted average shares outstanding		31,500	31,458	31,255	31,161	31,128	31,100	30,926
Diluted weighted average shares outstanding		31,500	31,458	31,590	31,161	31,128	31,100	30,926

(1) We adopted FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) ("FSP APB 14-1") as of January 1, 2009 and have applied it retrospectively to our 4.125% Convertible Subordinated Notes ("Notes") for all periods presented, as required. FSP APB 14-1 requires issuers of convertible debt that can be settled in cash to separately account for (i.e., bifurcate) the portion of the debt associated with the conversion feature and reclassify this portion to stockholders' equity. The liability portion, which represents the fair value of the debt without the conversion feature, is accreted to its face value using the effective interest method by amortizing the discount between the face amount and the fair value. The amortization is recorded as non-cash interest expense. The $5.0 million net gain we recorded in connection with the November 2008 repurchase of $12.2 million of the Notes was reduced to $3.8 million upon the adoption of FSP APB 14-1, which required that the gain be calculated based on the fair value of the portion repurchased as of the repurchase date.

(2) We adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51 ("SFAS 160"), as of January 1, 2009. The most significant provisions of this statement result in changes to the presentation of noncontrolling interests in the consolidated financial statements, such as inserting a subtotal on the Statement of Operations after deducting taxes but before deducting noncontrolling interest. Prior to the adoption of SFAS 160, the line item "Net (loss) income attributable to Veeco" was referred to as "Net (loss) income." Similarly, prior to the adoption of SFAS 160 the line items "Net (loss) income per share attributable to Veeco" and "Diluted net (loss) income per share attributable to Veeco" were referred to as "Net (loss) income per common share" and "Diluted net (loss) income per common share," respectively. The adoption of this statement impacted the manner in which we present noncontrolling interest for all periods but did not impact our consolidated financial position or results of operations in any period.

Veeco

