

VEECO INSTRUMENTS INC

FORM 8-K (Current report filing)

Filed 08/16/10 for the Period Ending 08/16/10

Address	TERMINAL DRIVE PLAINVIEW, NY 11803
Telephone	516 677-0200
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **August 15, 2010**

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 1 – Registrant’s Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

On August 16, 2010, Veeco Instruments Inc. (“Veeco”) issued a press release announcing that it had entered into an agreement to sell its metrology business (the “Business”) to Bruker Corporation (“Bruker”), a leading provider of high-performance scientific instruments and solutions for molecular and materials research, for \$229 million in cash (the “Metrology Sale”). In connection with the announcement, Veeco posted a presentation relating to the Metrology Sale 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.

Under the purchase agreement dated August 15, 2010 relating to the Metrology Sale (the “Purchase Agreement”), Bruker will acquire all of the outstanding stock of Veeco Metrology Inc. (“Metrology”), the wholly-owned subsidiary of Veeco which conducts the Metrology business, and certain other assets related to the Business, and assume certain liabilities relating to the Business. The Purchase Agreement contains customary representations, warranties and covenants. Each party has agreed to indemnify the other, subject to certain limitations, for losses arising out of breaches of representations, warranties and covenants in the Purchase Agreement and in certain related documents. The acquisition is scheduled to close, subject to certain customary closing conditions, upon the receipt of government approvals related to antitrust and competition laws. If the closing has not occurred by November 11, 2010, which may be extended for an additional six (6) months under certain circumstances, either party may terminate the Stock Purchase Agreement without penalty.

Upon closing of the acquisition, Veeco and Metrology will enter into a transition services agreement under which Veeco will provide to Metrology, for agreed upon fees, certain services related to the Business for various periods (subject to earlier termination or extension by Metrology under certain circumstances).

The foregoing description of the Purchase Agreement is qualified in its entirety by reference to the full text of the Purchase Agreement, which will be filed as an exhibit to Veeco’s Form 10-Q for the quarter ending September 30, 2010. We encourage you to read the Purchase Agreement for a more complete understanding of the transaction.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*.

Exhibit	Description
99.1	Press release issued by Veeco dated August 16, 2010
99.2	Presentation: Veeco Metrology Sale to Bruker Corporation, August 16, 2010

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.

August 16, 2010

By: /s/ Gregory A. Robbins

Gregory A. Robbins

Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit	Description
99.1	Press release issued by Veeco dated August 16, 2010
99.2	Presentation: Veeco Metrology Sale to Bruker Corporation, August 16, 2010



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

Trade Media: Fran Brennen, Sr. Director, Marketing Communications, 516-677-0200 x1222

**VEECO ANNOUNCES SALE OF METROLOGY BUSINESS
TO BRUKER CORPORATION**

Company to Focus on Process Equipment for the LED, Solar and Data Storage Markets

Plainview, N.Y., August 16, 2010 — Veeco Instruments Inc. (Nasdaq: VECO) today announced that it has agreed to sell its Metrology business to Bruker Corporation (Nasdaq: BRKR), a leading provider of high-performance scientific instruments and solutions for molecular and materials research, for \$229 million in cash. The transaction has been approved by the Board of Directors of both companies and is expected to close in the fourth quarter of 2010, pending regulatory review and subject to customary closing conditions.

The sale will transfer Veeco's worldwide Metrology business to Bruker, including Veeco's Atomic Force Microscope (AFM) business in Santa Barbara, CA and its Optical Industrial Metrology (OIM) business in Tucson, AZ, as well as Veeco's associated global AFM/OIM field sales and support organization. Bruker intends to combine Veeco Metrology with its global Bruker Nano instruments business, which currently sells a broad range of systems and analytical solutions for materials and nanotechnology research. Veeco currently expects cash proceeds from the transaction to be approximately \$160 million net of estimated applicable taxes and transaction fees. Additional terms of the transaction were not disclosed. Citigroup Global Markets Inc. acted as exclusive financial advisor to Veeco in connection with the transaction.

John R. Peeler, Veeco's Chief Executive Officer, commented: "Following the sale of Metrology, Veeco expects to benefit from greater focus on and investment in our LED & Solar and Data Storage Process Equipment businesses. We believe the sale of Metrology will allow us to accelerate our progress developing new products, gaining share, and aligning with key customers in markets with large growth opportunities, including several "clean tech" markets. The sale is also expected to give us additional financial flexibility to pursue acquisitions and expand customer support for our growing Asia business."

Mr. Peeler continued, "Veeco Metrology is a great business that is strong, growing and profitable and has many exciting new products. Even so, it lacks meaningful synergies with our Process Equipment businesses in technology, distribution and customers. We believe it will be a better fit as part of a large and successful instrumentation company, such as Bruker, where the focus will be on continued development of innovative scientific instruments. We have great confidence that the Metrology business will continue to grow and prosper as part of Bruker."

Frank H. Laukien, Bruker's President and Chief Executive Officer, added: "We are excited to add Veeco's industry-leading scanning probe microscope (SPM) and optical metrology systems to the Bruker product portfolio of high-performance materials research and nanotechnology instruments. We very much look forward to welcoming the customers, management and employees of the Veeco Metrology business to Bruker after the closing of the transaction."

Veeco will account for the Metrology business segment as a “discontinued operation” effective August 15, 2010. Veeco is therefore updating guidance for third quarter 2010 revenue from continuing operations to be in the range of \$255-280 million, with GAAP earnings per share between \$1.45 and \$1.72 and non-GAAP EPS between \$1.13 and \$1.33. Please see attached GAAP reconciliation table. Without Metrology, Veeco’s updated guidance is that 2010 revenues from continuing operations will be approximately \$1 billion, with about 90% from the LED & Solar business segment.

About Veeco

Veeco Instruments Inc. designs, manufactures, markets and services 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 product development, marketing, engineering and manufacturing 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 Asia Pacific. <http://www.veeco.com/>

About Bruker

Bruker Corporation (NASDAQ: BRKR), headquartered in Billerica, Massachusetts, is a leading provider of high-performance scientific instruments and solutions for molecular and materials research, as well as for industrial and applied analysis. For more information: <http://www.bruker.com>

To the extent that this news release discusses expectations about the proposed sale 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 risk that the proposed sale may not be completed, as well as 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, 2009 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.

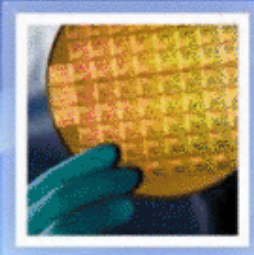
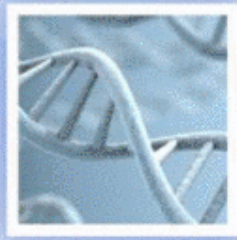
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Veeco Instruments Inc. and Subsidiaries
Reconciliation of operating income from continuing operations to earnings excluding certain items
(In thousands, except per share data)
(Unaudited)

	Guidance for the three months ending September 30, 2010	
	LOW	HIGH
Operating income from continuing operations	\$ 73,358	\$ 86,933
Adjustments:		
Amortization	1,237	1,237
Equity-based compensation	<u>2,601</u>	<u>2,601</u>
Earnings before interest, income taxes and amortization excluding certain items ("EBITA")	77,196	90,771
Interest expense, net	1,678	1,678
Adjustment to add back non-cash portion of interest expense	<u>(769)(1)</u>	<u>(769)(1)</u>
Earnings excluding certain items before income taxes	76,287	89,862
Income tax provision at 35%	<u>26,700</u>	<u>31,452</u>
Earnings excluding certain items	<u>\$ 49,587</u>	<u>\$ 58,410</u>
Earnings per diluted share excluding certain items	<u>\$ 1.13</u>	<u>\$ 1.33</u>
Diluted weighted average shares outstanding	44,000	44,000

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

NOTE - The above reconciliation is intended to present Veeco's operating results from continuing operations, 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

Veeco Metrology Sale to Bruker Corporation
August 16, 2010

Transaction Overview

- Veeco sells Metrology Business to Bruker
 - Atomic Force Microscope (AFM) business in Santa Barbara and Camarillo, CA
 - Optical Industrial Metrology (OIM) business in Tucson, AZ
 - Associated global sales & support organization
- Definitive Agreement Signed August 15th
- \$229 million in cash⁽¹⁾
- Business will be integrated into Bruker Nano
 - Focus on continued development of innovative scientific instruments
- Transaction approved by Board of Directors of both companies
- Expected to close in Q4 2010 pending regulatory review and customary closing conditions

(1) Cash proceeds assumed to be approximately \$160M net of all applicable taxes and transaction fees.



Rationale for the Transaction

- Allows full management focus on higher-growth, higher-profit Process Equipment markets where we have compelling technologies and leadership position
 - Currently expect LED & Solar to represent about 90% of Veeco's forecasted 2010 revenues of approximately \$1B
 - Continue investments in Data Storage business: synergistic technology, strong product portfolio, leading market share, multi-year growth opportunity
- Simplifies business:
 - Process Equipment and Metrology are different businesses with limited synergies
 - Becomes easier for financial community to understand and value Veeco
- Provides flexibility to pursue acquisitions (including those in clean tech) and expand customer support for our growing Asia business



Revised Q3 2010 Guidance

	Revised for Continuing Operations (Excluding Metrology) - 8/15/10	Original Guidance (Including Metrology) 7/26/10
Revenue	\$255 - 280M	\$290 - 315M
Gross Margin	45 - 46%	46 - 47%
Operating Spending	\$42 - 43M (15 - 16%)	\$52 - 53M (17 - 18%)
EBITA %	30 - 32%	29 - 31%
GAAP EPS	\$1.45 - 1.72	\$1.55 - 1.82
Non-GAAP EPS*	\$1.13 - 1.33	\$1.23 - 1.43

Note: Revised guidance reflects the fact that as of 8/15/10 Veeco will account for Metrology as a Discontinued Operation.

*Utilizing 35% tax rate and 44 million shares outstanding





- Leading provider of high-performance scientific instruments and solutions for molecular and materials research, as well as for industrial and applied analysis
- Headquartered in Billerica, Massachusetts
- Employees: >4,500 / Locations: >30
- Nasdaq: BRKR
- Key 2009 financial metrics:
 - Sales: \$1,114.5 million
 - Gross Profit: \$518.6 million
 - Operating Income: \$136.7million
- Strategic interest in instrumentation markets

Revised Q3 Guidance Reconciliation for Continuing Ops (Excluding Metrology)

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

	Guidance for the three months ending September 30, 2010	
	LOW	HIGH
Operating income from continuing operations	\$ 73,358	\$ 86,933
Adjustments:		
Amortization	1,237	1,237
Equity-based compensation	2,601	2,601
Earnings before interest, income taxes and amortization excluding certain items ("EBITA")	77,196	90,771
Interest expense, net	1,678	1,678
Adjustment to add back non-cash portion of interest expense	(769) (1)	(769) (1)
Earnings excluding certain items before income taxes	76,287	89,862
Income tax provision at 35%	26,700	31,452
Earnings excluding certain items	\$ 49,587	\$ 58,410
Earnings per diluted share excluding certain items	\$ 1.13	\$ 1.33
Diluted weighted average shares outstanding	44,000	44,000

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

NOTE - The above reconciliation is intended to present Veeco's operating results from continuing operations, 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.



Original Q3 2010 Guidance Reconciliation (Including Metrology Business)

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

	Guidance for the three months ending September 30, 2010	
	LOW	HIGH
Operating income	\$ 79,427	\$ 93,002
Adjustments:		
Amortization	1,635	1,635
Equity-based compensation	2,963	2,963
Earnings before interest, income taxes and amortization excluding certain items ("EBITA")	84,025	97,600
Interest expense, net	1,678	1,678
Adjustment to add back non-cash portion of interest expense	(769) (1)	(769) (1)
Earnings excluding certain items before income taxes	83,116	96,691
Income tax provision at 35%	29,091	33,842
Earnings excluding certain items	\$ 54,025	\$ 62,849
Earnings per diluted share excluding certain items	\$ 1.23	\$ 1.43
Diluted weighted average shares outstanding	44,000	44,000

(1) 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.



Safe Harbor

To the extent that this presentation discusses expectations about the proposed sale 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 risk that the proposed sale may not be completed, as well as 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, 2009 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.

