

VEECO INSTRUMENTS INC
Form DEF 14A
March 30, 2015
Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Veeco Instruments Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

Table of Contents

VEECO INSTRUMENTS INC.

Terminal Drive

Plainview, NY 11803

NOTICE OF ANNUAL MEETING

Dear Veeco Stockholder:

On May 13, 2015, Veeco Instruments Inc. (Veeco or the Company) will hold its 2015 Annual Meeting of Stockholders (the Annual Meeting) at 333 South Service Road, Plainview, NY 11803, at 8:30 a.m. local time, to consider and vote upon the following matters and to transact such other business as may be properly presented at the meeting or any adjournment or postponement thereof:

1. Election of three directors to hold office until the 2018 Annual Meeting of Stockholders;
2. Advisory vote to approve executive compensation; and
3. Ratification of the appointment of our independent registered public accounting firm for 2015.

Only stockholders who own stock at the close of business on March 16, 2015 can vote at this meeting or any adjournments that may take place. For ten days prior to the Annual Meeting, a list of these stockholders will be available for inspection at our principal executive offices, Terminal Drive, Plainview, NY 11803. A stockholder may examine the list for any legally valid purpose related to the meeting.

Veeco's Board of Directors (Board of Directors or the Board) recommends that you vote FOR each of the listed nominees for Director and FOR proposals 2 and 3 above, which proposals are further described in this proxy statement. This proxy statement also outlines the corporate governance practices at Veeco, discusses our compensation practices and philosophy, and describes the Audit Committee's recommendations to the Board regarding our 2014 financial statements. We encourage you to read these materials carefully.

Whether or not you expect to attend the meeting, we urge you to vote promptly.

This year Veeco will be using the notice and access method of providing proxy materials to you via the internet. On or about March 30, 2015, you will receive a Notice of Internet Availability of Proxy Materials (the Notice), which includes instructions regarding voting your shares and requesting a printed copy of our proxy materials. We believe that this process will provide you with prompt access to our proxy materials, lower our cost of printing and delivering proxy materials, and minimize the environmental impact of printing paper copies.

By order of the Board of Directors,

Gregory A. Robbins
Senior Vice President, General Counsel and Secretary

March 30, 2015

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 13, 2015:
The Notice, Proxy Statement and Annual Report to Stockholders are available at www.veeco.com.**

Table of Contents

TABLE OF CONTENTS

QUESTIONS AND ANSWERS

<u>Q1.</u>	<u>What matters will be voted on at the Annual Meeting?</u>	1
<u>Q2.</u>	<u>How does the Board of Directors recommend that I vote?</u>	1
<u>Q3.</u>	<u>Why am I receiving these materials?</u>	1
<u>Q4.</u>	<u>Why did I receive a notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?</u>	1
<u>Q5.</u>	<u>How do I get electronic access to the proxy materials?</u>	2
<u>Q6.</u>	<u>Who is entitled to vote?</u>	2
<u>Q7.</u>	<u>How can I vote if I own shares directly?</u>	2
<u>Q8.</u>	<u>How can I vote if my shares are held through a brokerage, bank or similar organization?</u>	2
<u>Q9.</u>	<u>What if I return a proxy card but do not make specific choices?</u>	2
<u>Q10.</u>	<u>How do I revoke or change my vote?</u>	3
<u>Q11.</u>	<u>What is a quorum ?</u>	3
<u>Q12.</u>	<u>How many votes are needed to approve each proposal?</u>	4
<u>Q13.</u>	<u>How will voting on any other business be conducted?</u>	4
<u>Q14.</u>	<u>Who will count the vote?</u>	4
<u>Q15.</u>	<u>How can I find out the results of the voting at the Annual Meeting?</u>	4
<u>Q16.</u>	<u>Who can attend the Annual Meeting?</u>	4
<u>Q17.</u>	<u>What does it mean if I get more than one Notice?</u>	5
<u>Q18.</u>	<u>I have Veeco shares that are held in street name, as do others in my household. We received only one copy of the proxy materials. How can I obtain additional copies of these materials?</u>	5
<u>Q19.</u>	<u>When are the stockholder proposals for the 2016 Annual Meeting due?</u>	5
<u>Q20.</u>	<u>What is Veeco's process for nominating director candidates?</u>	5
<u>Q21.</u>	<u>Can a stockholder nominate someone to be a director of Veeco?</u>	6
<u>Q22.</u>	<u>How can stockholders communicate with Veeco's Directors?</u>	7
<u>Q23.</u>	<u>How much will this proxy solicitation cost?</u>	7
<u>Q24.</u>	<u>Who is soliciting my vote?</u>	7
<u>Q25.</u>	<u>What proxy materials are available on the internet?</u>	7

CORPORATE GOVERNANCE

<u>Corporate Governance Policies and Practices</u>	8
<u>Compensation of Directors</u>	11
<u>Certain Relationships and Related Transactions</u>	13

PROPOSALS ON WHICH YOU MAY VOTE

<u>Proposal 1 - Election of Directors</u>	14
<u>Proposal 2 - Advisory Vote on Executive Compensation</u>	18
<u>Proposal 3 - Ratification of Appointment of KPMG LLP</u>	19
<u>Audit Committee Report</u>	21

EXECUTIVE COMPENSATION

<u>Executive Officers</u>	23
<u>Compensation Discussion and Analysis</u>	24
<u>Compensation Committee Report</u>	35
<u>Summary Compensation Table</u>	36
<u>Grants of Plan-Based Awards</u>	40
<u>Outstanding Equity Awards at Fiscal Year End</u>	41
<u>Option Exercises and Stock Vested During 2014</u>	42
<u>Equity Compensation Plan Information</u>	43
<u>Potential Payments Upon Termination or Change in Control</u>	44

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

49

Table of Contents

PROXY STATEMENT

QUESTIONS AND ANSWERS

Q1. What matters will be voted on at the Annual Meeting?

The following matters will be voted on at the Annual Meeting:

- Proposal 1: Election of three directors to hold office until the 2018 Annual Meeting of Stockholders;

- Proposal 2: Advisory vote on executive compensation;

- Proposal 3: Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2015;
and

- Such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Q2. How does the Board of Directors recommend that I vote?

The Board of Directors recommends that you vote:

- FOR the election of the three directors nominated by the Board of Directors and named in this proxy statement;

- FOR the approval, on an advisory basis, of the compensation of our named executive officers; and

- FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2015.

Q3. Why am I receiving these materials?

Our Board of Directors has made these materials available to you on the internet, or, upon your request, has delivered printed proxy materials to you, in connection with the solicitation of proxies for use at the Annual Meeting, which will take place on Wednesday, May 13, 2015, at 8:30 a.m. local time, at 333 South Service Road, Plainview, NY 11803. As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement.

Q4. Why did I receive a notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

In accordance with the notice and access rules adopted by the Securities and Exchange Commission (the SEC), we may furnish proxy materials, including this proxy statement and our 2014 Annual Report to Stockholders, to our stockholders by providing access to such documents on the internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the internet. The Notice also instructs you as to how you may access and submit your proxy card. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

Table of Contents

Q5. How do I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to access the Notice of Annual Meeting, this proxy statement, your proxy card and Veeco's 2014 Annual Report to Stockholders. The proxy materials will be available on the internet starting on March 30, 2015, as described in the Notice. You will not receive a printed copy of these proxy materials unless you request them in accordance with the instructions provided in the Notice.

Q6. Who is entitled to vote?

You may vote if our records show that you owned shares of Veeco common stock on March 16, 2015, the record date for the meeting. At such time, 40,362,255 shares of Veeco common stock were issued and outstanding. You are entitled to one vote for each share that you own.

Q7. How can I vote if I own shares directly?

If your shares are registered directly in your name with our transfer agent, then you are considered the stockholder of record with respect to those shares and these proxy materials are being made available directly to you. Stockholders of record may vote by (1) marking, signing, dating and mailing each proxy card in the envelope provided or (2) attending the meeting and voting in person.

Q8. How can I vote if my shares are held through a brokerage, bank or similar organization?

If your shares are held in street name (that is, they are held in the name of a broker, bank or similar organization), you are considered the beneficial holder of such shares and these proxy materials are being made available to you by such organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct the stockholder of record on how to vote the shares in your account. If you hold your shares through a broker and you do not give instructions to the record holder on how to vote, the record holder will be entitled to vote your shares in its discretion on certain matters considered routine. The New York Stock Exchange (NYSE) will determine whether the proposals presented at the Annual Meeting are routine or not routine. If a proposal is routine, a broker holding shares for an owner in street name may vote in its discretion on the proposal without receiving voting instructions from the owner. If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker is unable to vote on a proposal because the proposal is not routine and the street name owner does not provide any voting instructions. Please follow the voting instructions provided by the organization holding your shares to ensure your vote is counted. Under the rules of the NYSE, your broker does not have the discretion to vote your shares on non-routine matters such as Proposals 1 and 2. However, your broker does have discretion to vote your shares on routine matters such as Proposal 3. If you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from the stockholder of record.

Q9. What if I return a proxy card but do not make specific choices?

Edgar Filing: VEECO INSTRUMENTS INC - Form DEF 14A

If you return a signed and dated proxy card without marking any voting selections, your Veeco shares will be voted FOR the election of the nominees for director, FOR the approval, on an advisory basis, of the compensation of our named executive officers, and FOR the ratification of the selection of KPMG LLP as Veeco's independent registered public accounting firm for the fiscal year ending December 31, 2015. If any other matter is properly presented at the meeting or any adjournment or postponement thereof, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Table of Contents

Q10. How do I revoke or change my vote?

If you are a stockholder of record, you may revoke or change your vote by:

- (1) notifying Veeco's transfer agent, American Stock Transfer and Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219, in writing at any time before the meeting;
- (2) submitting a later-dated proxy at any time before the meeting; or
- (3) voting in person at the meeting.

The latest-dated, timely, properly completed proxy that you submit before the meeting will count as your vote. If a vote has been recorded for your shares and you submit a proxy card that is not properly signed and dated, the previously recorded vote will stand.

If your shares are held in street name, consult the voting instructions provided by the organization holding your shares or contact such organization for instructions on how to revoke or change your vote.

Q11. What is a quorum ?

There must be a quorum for the meeting to be held. A quorum will be present if stockholders holding at least a majority of the outstanding shares are present at the meeting or represented by proxy. If you submit a timely, properly executed proxy or vote instruction card, then you will be considered part of the quorum, even if you abstain from voting. In addition, shares represented by proxies designated as broker non-votes will be counted for purposes of determining a quorum.

Abstentions: Abstentions are not counted in the tally of votes FOR or AGAINST a proposal. A WITHHELD vote is the same as an abstention. Abstentions and withheld votes are counted as shares present and entitled to be voted.

Broker Non-Votes: Brokers or other nominees who hold shares of our common stock for a beneficial owner have the discretion to vote on routine proposals when they have not received voting instructions from the beneficial owner at least ten days prior to the Annual Meeting. A broker non-vote occurs when a broker or other nominee does not receive voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal. Thus, a broker non-vote will not impact our ability to obtain a quorum and will not otherwise affect the outcome of the vote on a proposal that requires the approval of a majority of the votes present in person or represented by proxy and entitled to vote (Proposals 1, 2 and 3).

Table of Contents

Q12. How many votes are needed to approve each proposal?

Proposal:	Vote Required:	Broker Discretionary Voting Allowed?
Proposal 1 Election of Three Directors	Majority of the Shares Cast for Each Director Nominee	No
Proposal 2 Advisory Vote on Executive Compensation	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
Proposal 3 Ratification of Auditors for Fiscal Year 2015	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	Yes

With respect to Proposals 2 and 3, you may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on either of these Proposals, the abstention will have the same effect as an AGAINST vote.

With respect to Proposal 1, you may vote FOR all nominees, WITHHOLD your vote as to all nominees, or FOR all nominees except those specific nominees from whom you WITHHOLD your vote. A properly executed proxy marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Proxies may not be voted for more than three directors and stockholders may not cumulate votes in the election of directors.

If you abstain from voting on Proposal 1, the abstention will not have an effect on the outcome of the vote.

Q13. How will voting on any other business be conducted?

Although we do not know of any business to be considered at the Annual Meeting other than the proposals described in this proxy statement, if any other business is presented at the Annual Meeting or any adjournment or postponement thereof, your signed proxy or vote instruction card gives authority to John R. Peeler, Veeco's Chairman and Chief Executive Officer, and Shubham Maheshwari, Veeco's Executive Vice President and Chief Financial Officer, to vote on such matters at their discretion.

Q14. Who will count the vote?

Votes will be tabulated by an independent inspector of elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Q15. How can I find out the results of the voting at the Annual Meeting?

Voting results will be announced at the Annual Meeting and are expected to be posted shortly after the Annual Meeting on our website at www.veeco.com. Voting results will also be reported in a Current Report on Form 8-K, which is expected to be filed with the SEC within four business days after the Annual Meeting.

Q16. Who can attend the Annual Meeting?

All stockholders who owned shares on March 16, 2015 may attend.

Table of Contents

Q17. What does it mean if I get more than one Notice?

If your shares are registered in more than one name or in more than one account, you may receive more than one Notice. Please complete and return a proxy or vote instruction card for each Notice you receive to ensure that all of your shares are voted.

Q18. I have Veeco shares that are held in street name, as do others in my household. We received only one copy of the proxy materials. How can I obtain additional copies of these materials?

In a further effort to reduce printing costs and postage fees, we have adopted a practice approved by the SEC called householding. Under this practice, stockholders who have the same address and last name and who request printed copies of proxy materials will receive only one copy of our proxy materials, unless one or more of these stockholders notifies us that he or she wishes to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards.

If you share an address with another stockholder and received only one set of proxy materials, and would like to request a separate paper copy of these materials, please: (1) go to www.proxyvote.com and follow the instructions provided; (2) send an e-mail message to investorrelations@veeco.com with Request for Proxy Materials in the subject line and provide your name, address and the control number that appears in the box on the Stockholders Meeting Notice; or (3) call our Investor Relations department at 1-516-677-0200.

Q19. When are stockholder proposals for the 2016 Annual Meeting due?

In accordance with Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), stockholders who wish to present proposals for inclusion in the proxy materials prepared by