

VEECO INSTRUMENTS INC

Form DEF 14A

March 22, 2016

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**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 ☒ X

Filed by a Party other than the Registrant ☐ O

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.
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1 Terminal Drive • Plainview, New York 11803 U.S.A. • Phone (516) 677-0200 • Fax (516) 677-0380 •
www.veeco.com

March 22, 2016

2016 Annual Meeting of Stockholders

Dear Fellow Stockholder:

It is my pleasure to invite you to join me at the 2016 Annual Meeting of Stockholders of Veeco Instruments Inc. to be held on Thursday, May 5, 2016, at 8:30 a.m. Eastern Time, at 333 South Service Road, Plainview, New York 11803.

At this year's meeting, we will vote on the election of 2 directors, amendment and restatement of Veeco's 2010 Stock Incentive Plan, re-approval of Veeco Management Bonus Plan, approval of an Employee Stock Purchase Plan and ratification of KPMG LLP as Veeco's independent registered public accounting firm. We will also conduct a non-binding advisory vote to approve the compensation of the Company's named executive officers.

We use the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their stockholders over the internet. We believe this expedites stockholder's receipt of proxy materials, lowers annual meeting costs and conserves natural resources. Thus, we are mailing to many stockholders a Notice of Internet Availability of Proxy Materials (Notice), rather than copies of the Proxy Statement and our 2015 Annual Report to Stockholders on Form 10-K. The Notice contains instructions on how to access the proxy materials online, vote online and obtain your copy of our proxy materials.

Your voice is very important. I encourage you to sign and return your proxy card, or use telephone or internet voting prior to the meeting, so that your shares will be represented and voted at the meeting.

Sincerely,

John R. Peeler

Chairman and Chief Executive Officer

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VEECO INSTRUMENTS INC.

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

DATE AND TIME: Thursday, May 5, 2016, 8:30 a.m., Eastern Time

PLACE: 333 South Service Road
Plainview, New York 11803

ITEMS OF BUSINESS:

1. To elect two directors to hold office until the 2019 Annual Meeting of Stockholders;
2. To approve the amendment and restatement of Veeco's 2010 Stock Incentive Plan;
3. To re-approve the Veeco Management Bonus Plan;
4. To approve an Employee Stock Purchase Plan;
5. To hold a non-binding advisory vote on 2015 named executive officer compensation;
6. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2016; and
7. To consider such other business as may properly come before the meeting.

WHO CAN VOTE: You must be a stockholder of record at the close of business on March 8, 2016 to vote at the Annual Meeting.

INTERNET AVAILABILITY: We are using the internet as our primary means of furnishing proxy materials to most of our stockholders. Rather than sending those stockholders a paper copy of our proxy materials, we are sending them a notice with instructions for accessing the materials and voting via the internet. **This Proxy Statement and our 2015 Annual Report on Form 10-K are available free of charge at www.veeco.com.**

PROXY VOTING: We cordially invite you to participate in the Annual Meeting, either by attending and voting in person or by voting through other acceptable means. Your participation is important, regardless of the number of shares you own. You may vote by telephone, through the internet or by mailing your completed proxy card.

By order of the Board of Directors,

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

March 22, 2016
Plainview, New York

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To assist you in reviewing the proposals to be acted upon at the Veeco Instruments Inc. (Veeco or the Company) 2016 Annual Meeting of Stockholders (the Annual Meeting), we call your attention to the following information about the proposals and voting recommendations, the Company's director nominees and highlights of the Company's corporate governance and executive compensation. The following description is only a summary. For more complete information about these topics, please review the complete proxy statement.

Proposals and Voting Recommendations

Voting Matters		Board Vote Recommendation
Proposal 1:	Election of two nominees named herein as directors	FOR each nominee
Proposal 2:	Approval of the 2010 Stock Incentive Plan, as Amended and Restated	FOR
Proposal 3:	Approval of the Management Bonus Plan	FOR
Proposal 4:	Approval of the Employee Stock Purchase Plan	FOR
Proposal 5:	Advisory vote to approve the compensation of our Named Executive Officers, or Say on Pay	FOR
Proposal 6:	Ratification of the appointment of our independent registered public accounting firm for 2016	FOR

Summary of Information Regarding the Board of Directors

Members of Veeco's Board of Directors (Board of Directors or the Board) and nominees for election are listed below. Messrs. Braun and McDaniel are not standing for re-election and will retire from the Board following the Annual Meeting. Mr. Peeler has been nominated for re-election to the Board and Mr. St. Dennis has been nominated for election to the Board. Mr. St. Dennis was identified through a director search conducted by a third party search firm under the direction of the Governance Committee. In conducting this search, the Board was looking to add relevant industry experience and meaningful international business experience, among other qualities, and determined that Mr. St. Dennis is ideally suited to serve on the Veeco Board.

Name	Age	Director		AC	Committee Membership		
		since	Independent (1)		CC	GC	SPC
Edward H. Braun	76	1990	No				C
Richard A. D'Amore	62	1990	Yes		M		M
Gordon Hunter	64	2010	Yes		C	M	M
Keith D. Jackson	60	2012	Yes	M/FE		C	
Roger D. McDaniel	77	1998	Yes (Lead Independent Director)	M/FE	M		
John R. Peeler	61	2007	No				M
Peter J. Simone	68	2004	Yes	C/FE		M	M
Thomas St. Dennis (2)	62		Yes				

-
- (1) Independence determined based on NASDAQ rules.
- (2) Mr. St. Dennis has been nominated for election to the Board.

AC Audit Committee

C Chairperson

CC Compensation Committee

M Member

GC Governance Committee

FE Audit committee financial expert (as determined based on SEC rules)

SPC Strategic Planning Committee

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Board and Other Governance Information	As of March 22, 2016
Size of Board as Nominated (1)	6
Average Age of Director Nominees and Continuing Directors	63
Average Tenure of Director Nominees and Continuing Directors	9.5 years
Percentage of Continuing Directors and Nominees who are Independent	83.3%
Percentage of Directors who attended at least 75% of Board Meetings	100%
Number of Director Nominees and Continuing Directors Who Serve on More Than Four Public Company Boards	0
Directors Subject to Stock Ownership Guidelines	Yes
Annual Election of Directors	No
Voting Standard	Majority
Plurality Voting Carve-out for Contested Elections	Yes
Separate Chairman and CEO	No
Lead Independent Director	Yes
Independent Directors Meet Without Management Present	Yes
Annual Board, Committee and Individual Director Self-Evaluations, Including Use of External Governance	Yes
Advisor at Least Every 3 Years	
Annual Independent Director Evaluation of CEO	Yes
Risk Oversight by Full Board and Committees	Yes
Board Orientation/Education Program	Yes
Code of Conduct Applicable to Directors	Yes
Stockholder Ability to Act by Written Consent	No
Poison Pill	No

(1) Susan Wang ceased being a director due to her unexpected death on March 8, 2016. The two directors to be elected, when combined with the four continuing directors, is fewer than the seven members as of the proxy statement filing date. The Board has reduced the size of the Board to seven, and will further reduce the size to six, effective upon the retirement of Messrs. Braun and McDaniel and the election of Mr. St. Dennis at the Annual Meeting. The Board is conducting a search to replace Ms. Wang.

Executive Compensation Highlights*Here's What We Do*

Pay for Performance. We ensure that the compensation of the Chief Executive Officer (CEO) and the other named executive officers listed in the Summary Compensation Table below (NEOs) tracks Company performance. Our compensation programs reflect our belief that the ratio of performance-based compensation to fixed compensation should increase with the level of the executive, with the greatest amount of performance-based compensation at the CEO level.

Performance-based Long Term Incentives. The majority of long term incentive compensation provided to our CEO and other NEOs is awarded in the form of performance-based restricted stock units that feature a three-year target performance period, are capped at 150% of target, and are subject to 100% forfeiture.

Minimum Vesting. We have asked our stockholders to approve adding a provision to our 2010 Stock Incentive Plan that will specify a one year minimum vesting period for equity awards, except for up to 5% of the maximum number of shares available or in the event of certain circumstances (e.g., death, disability, corporate transactions). Time-based awards granted to executives feature vesting periods ranging from three to four years.

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Stock Option Provisions. We have asked our stockholders to approve adding a provision to our 2010 Stock Incentive Plan that will prohibit the cash buyout of underwater stock options without shareholder approval. Our 2010 Stock Incentive Plan also prohibits the repricing of stock options without stockholder approval; the Company has not engaged in either of these practices.

Double-Trigger Change in Control Arrangements. Our Senior Executive Change in Control Policy requires both a qualifying termination of employment and a change in control before change in control benefits, including accelerated vesting for equity awards granted after January 2014, are triggered.

Clawback Policy. In 2014, we adopted our Clawback Policy under which, in the event of a financial restatement due to fraud or intentional illegal conduct as determined by the independent members of the Board of Directors, a culpable executive officer may be required to reimburse the Company for performance-based cash compensation if the amount of such compensation would have been lower had it been calculated based on such restated financial statements.

Stock Ownership Guidelines. In 2014, we adopted stock ownership guidelines which, subject to a phase-in period, require our NEOs and our Board of Directors to hold an amount of Veeco stock in a specified ratio to their base salaries. Pursuant to these guidelines, covered individuals are required to hold at least 50% of the net after-tax shares realized upon vesting or exercise until our stock ownership guidelines are met.

Hedging and Pledging Restrictions. Our insider trading policy prohibits all employees and directors from hedging or pledging their Veeco shares.

Annual Bonus. Amounts that can be earned under our Annual Incentive Programs are based primarily on profit (EBITDA) after accounting for the cost of such bonuses and are capped at 200% of target.

Annual Say-on-Pay Vote. We conduct an annual Say-on-Pay advisory vote.

Stockholder Engagement. We routinely engage with stockholder advisors and, as appropriate, with stockholders, to better understand their perspective regarding executive compensation best practices and have incorporated many of these in our executive compensation programs.

Here's What We Don't Do

No Gross-Ups. We do not provide tax gross ups for benefits that may become payable in connection with a change in control. Additionally, in 2014 we discontinued gross-ups that had been previously payable to our CEO in connection with certain transportation and housing allowances.

Limited Pension Benefits. We do not maintain a defined benefit pension plan or a supplemental executive retirement plan. The Company's 401(k) savings plan is its only pension benefit.

No Retirement Benefits. We do not maintain retirement benefits.

No Lavish Perquisites. We do not provide executives with perquisites such as financial planning, corporate aircraft, etc.

Table of Contents**STOCK OWNERSHIP****Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding the beneficial ownership of Veeco common stock as of March 8, 2016 (unless otherwise specified below) by (i) each person known by Veeco to own beneficially more than five percent of the outstanding shares of Veeco common stock, (ii) each director of Veeco, (iii) each NEO, and (iv) all executive officers and directors of Veeco as a group. Unless otherwise indicated, Veeco believes that each of the persons or entities named in the table exercises sole voting and investment power over the shares of Veeco common stock that each of them beneficially owns, subject to community property laws where applicable.

	Shares	Shares of Common Stock Beneficially Owned (1) Options	Total	Percentage of Total Shares Outstanding (1)
5% or Greater Stockholders:				
T. Rowe Price Associates, Inc. (2)	4,595,479		4,595,479	11.1%
BlackRock, Inc. (3)	4,455,506		4,455,506	10.7%
The Bank of New York Mellon Corporation (4)	4,354,539		4,354,539	10.5%
The Vanguard Group (5)	3,041,038		3,041,038	7.3%
Eagle Asset Management, Inc. (6)	2,523,353		2,523,353	6.1%
Directors:				
Edward H. Braun	19,602		19,602	*
Richard A. D'Amore	84,693		84,693	*
Gordon Hunter	18,352		18,352	*
Keith D. Jackson	14,552		14,552	*
Roger McDaniel	19,443		19,443	*
John R. Peeler	246,918	395,046	641,964	1.5%
Peter J. Simone	17,992		17,992	*
Named Executive Officers:				
John R. Peeler	246,918	395,046	641,964	1.5%
Shubham Maheshwari	38,550	18,000	56,550	*
William J. Miller, Ph.D.	60,067	103,702	163,769	*
John Kiernan	28,848	44,107	72,955	*
All Directors and Executive Officers as a Group (10 persons)	549,017	560,855	1,109,872	2.7%

* Less than 1%.

(1) A person is deemed to be the beneficial owner of securities owned or which can be acquired by such person within 60 days of the measurement date upon the exercise of stock options. Shares owned include awards of restricted stock from the Company, both vested and unvested, with the exception of unvested restricted stock units and unvested performance-based restricted stock. Each person's percentage ownership is determined by assuming that

stock options beneficially owned by such person (but not those owned by any other person) have been exercised.

(2) Share ownership information is based on information contained in a Schedule 13G/A filed with the SEC on February 12, 2016. The address of this holder is 100 E. Pratt Street, Baltimore, Maryland 21202.

(3) Share ownership information is based on information contained in a Schedule 13G/A filed with the SEC on January 8, 2016. The address of this holder is 55 East 52nd Street, New York, New York 10055.

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(4) Share ownership information is based on information contained in a Schedule 13G/A filed with the SEC on February 2, 2016. The address of this holder is c/o The Bank of New York Mellon Corporation, 225 Liberty Street, New York, New York 10286.

(5) Share ownership information is based on information contained in a Schedule 13G/A filed with the SEC on February 11, 2016. The address of this holder is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(6) Share ownership information is based on information contained in a Schedule 13G/A filed with the SEC on January 26, 2016. The address of this holder is 880 Carillon Parkway, St. Petersburg, Florida 33716.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) requires Veeco's officers and directors, and persons who own more than 10% of Veeco's common stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC). These persons are required by SEC regulations to furnish Veeco with copies of all Section 16(a) forms they file. SEC regulations require us to identify in this proxy statement anyone who filed a required report late or failed to file a required report. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that during 2015 all Section 16(a) filing requirements were satisfied on a timely basis.

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GOVERNANCE

Governance Highlights

Veeco's Board of Directors and management are committed to responsible corporate governance to ensure that Veeco is managed for the long-term benefit of its stockholders. To that end, the Board of Directors and management review published guidelines and recommendations of institutional stockholder organizations and current best practices of similarly situated public companies. The Board and management periodically evaluate and, when appropriate, revise Veeco's corporate governance policies and practices in light of these guidelines and practices and to comply with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and listing standards issued by the SEC and by The NASDAQ Stock Market LLC ("NASDAQ ").

Veeco's Corporate Governance Guidelines provide that at least two-thirds of the Board of Directors must be independent in accordance with the NASDAQ listing standards. In fact, 83.3% of Veeco's six continuing directors and nominees are independent, and none serve on more than three other public company boards. All of Veeco's directors attended at least 75% of Board and applicable committee meetings last year. Veeco undergoes an annual Board, committee and individual director self-evaluation process, and the independent directors, guided by the independent Lead Director, meet regularly without management and perform an annual performance assessment of the Chief Executive Officer.

Governance Policies and Practices

Veeco has instituted a variety of policies and practices to foster and maintain corporate governance, including the following:

Corporate Governance Guidelines - Veeco adheres to written Corporate Governance Guidelines, adopted by the Board and reviewed by the Governance Committee from time to time. The Corporate Governance Guidelines govern director qualifications, conflicts of interest, succession planning, periodic board self-assessment and other governance matters. The Board has used an outside governance advisor to facilitate the board self-assessment at least every three years.

Code of Business Conduct - Veeco maintains written standards of business conduct applicable to all of its employees worldwide.

Code of Ethics for Senior Officers - Veeco maintains a Code of Ethics that applies to its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer.

Environmental, Health & Safety Policy - Veeco maintains a written policy that applies to all of its employees with regard to environmental, health and safety matters.

Director Education Policy - Veeco has adopted a written policy under which it encourages directors to attend, and provides reimbursement for the cost of attending, director education programs. A majority of Veeco's Board members has attended one or more director education programs within the past five years.

Disclosure Policy - Veeco maintains a written policy that applies to all of its employees with regard to the dissemination of information.

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Board Committee Charters - Each of Veeco's Audit, Compensation, Governance and Strategic Planning Committees has a written charter adopted by Veeco's Board that establishes practices and procedures for each committee in accordance with applicable corporate governance rules and regulations.

Copies of each of these documents can be found on the Company's website (www.veeco.com) via the Investors' page.

Independence of the Board

Veeco's Corporate Governance Guidelines provide that at least two-thirds of the Board of Directors must be independent in accordance with the NASDAQ listing standards. In addition, service on other boards must be consistent with Veeco's conflict of interest policy and the nature and time involved in such service is reviewed when evaluating suitability of individual directors for election.

Independence of Current Directors. Veeco's Board of Directors has determined that all of the directors are independent within the meaning of the applicable NASDAQ listing standards, except Mr. Peeler, the Company's Chairman and Chief Executive Officer, and Mr. Braun, the Company's former Chairman and former Chief Executive Officer.

Independence of Committee Members. All members of Veeco's Audit, Compensation and Governance Committees are required to be and are independent in accordance with NASDAQ listing standards.

Compensation Committee Interlocks and Insider Participation. During 2015, none of Veeco's executive officers served on the board of directors of any entity whose executive officers served on Veeco's Compensation Committee. No current or past executive officer of Veeco serves on our Compensation Committee. The members of our Compensation Committee are Messrs. D'Amore, Hunter and McDaniel.

Board Access to Independent Advisors. The Board members have full and free access to the officers and employees of Veeco and are permitted to retain independent legal, financial or other advisors as the Board or a Committee deems necessary.

Director Resignation Upon Change in Employment. The Corporate Governance Guidelines provide that a director shall submit his resignation if he changes his principal employment, from what it was when he was elected as a director, or undergoes a change affecting his qualification as a director or fails to receive the required number of votes for re-election. Upon such submission, the Board shall determine whether to accept or reject the resignation. If the

resignation is tendered for failure to receive the required number of votes for re-election, the Governance Committee will also inform the Board of any other action it recommends be taken.

Board Leadership Structure

Mr. Peeler, the Company's Chief Executive Officer, also serves as Chairman of the Board. We have a separate, independent Lead Director. Although we do not have a formal policy addressing the topic, we believe that when the Chairman of the Board is an employee of the Company or otherwise not independent, it is important to have a separate Lead Director, who is an independent director.

Mr. McDaniel serves as the Lead Director. In that role, he presides over the Board's executive sessions, during which our independent directors meet without management, and he serves as

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the principle liaison between management and the independent directors of the Board. The Lead Director also:

- confers with the Chairman of the Board regarding Board meeting agendas;
- has the authority to call meetings of the independent directors;
- chairs meetings of the independent directors including, where appropriate, setting the agenda and briefing the Chairman of the Board on issues discussed during the meeting;
- oversees the annual performance evaluation of the CEO;
- consults with the Governance Committee and the Chairman of the Board regarding assignment of Board members to various committees; and
- performs such other functions as the Board may require.

Mr. McDaniel has served as a Veeco director since 1998 and as Lead Director (or Presiding Director) since 2010. Upon Mr. McDaniel's retirement from the Board in 2016, another independent member of the Board will be appointed Lead Director.

We believe the combination of Mr. Peeler as our Chairman of the Board and an independent director as our Lead Director is an effective structure for the Company. The division of duties and the additional avenues of communication between the Board and our management associated with this structure provide the basis for the proper functioning of our Board and its oversight of management.

Oversight of Risk Management

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's strategy, finances and operations, as well as the risks associated with each. The Audit Committee is responsible for oversight of Company risks relating to accounting matters, financial reporting, internal controls and legal and regulatory compliance. The Audit Committee undertakes, at least annually, a review to evaluate these risks. Individual members of the Audit Committee are each assigned an area of risk to oversee. The members then meet separately with management responsible for such area, including the Company's chief accounting officer, internal auditor and general counsel, and report to the Audit Committee on any matters identified during such discussions with management. In addition, the Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest. The Company's Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

Compensation Risk

Our Compensation Committee conducted a risk-assessment of our compensation programs and practices and concluded that our compensation programs and practices, as a whole, are appropriately structured and do not pose a material risk to the Company. Our compensation programs are intended to reward the management team and other employees for strong performance over the long-term, with consideration to near-term actions and results that strengthen and grow our Company. We believe our compensation programs provide the appropriate balance between short-term and long-term incentives, focusing on sustainable operating success for the Company. We consider the potential risks in our business when designing and administering our compensation programs and we believe our balanced approach to performance measurement and compensation decisions works to mitigate the risk that individuals will be encouraged to undertake excessive or inappropriate risk. Further, our compensation program administration is subject to considerable internal controls and when

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determining the principal outcomes performance assessments and compensation decisions we rely on principles of sound governance and good business judgment.

Board Meetings and Committees

During 2015, Veeco's Board held six meetings. Each Director attended at least 75% of the meetings of the Board and Board committees on which such Director served during 2015. It is the policy of the Board to hold executive sessions without management at every regularly scheduled board meeting and as requested by a director. The Lead Director presides over these executive sessions. All members of the Board are welcome to attend the Annual Meeting of Stockholders. In 2015, Mr. Peeler was the only director who attended the Annual Meeting of Stockholders. The Board has established the following committees: an Audit Committee, a Compensation Committee, a Governance Committee and a Strategic Planning Committee.

Audit Committee. As defined in Section 3(a)(58)(A) of the Exchange Act, the Company established an Audit Committee which reviews the scope and results of the audit and other services provided by Veeco's independent registered public accounting firm. The Audit Committee consists of Messrs. Jackson, McDaniel and Simone (Chairman). The Board has determined that all members of the Audit Committee are financially literate as that term is defined by NASDAQ and by applicable SEC rules. The Board has determined that each of Messrs. Jackson, McDaniel and Simone is an audit committee financial expert as defined by applicable SEC rules. During 2015, the Audit Committee met ten times.

Compensation Committee. The Compensation Committee sets the compensation levels of senior management and administers Veeco's equity compensation plans. All members of the Compensation Committee are non-employee directors (within the meaning of Rule 16b-3 of the Exchange Act), and outside directors (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended). None of the members of the Compensation Committee has interlocking relationships as defined by the SEC. The Compensation Committee consists of Messrs. D'Amore, McDaniel and Hunter (Chairman). During 2015, the Compensation Committee met seven times.

Governance Committee. The Company's Governance Committee addresses Board organizational issues and develops and reviews corporate governance principles applicable to Veeco. In addition, the committee searches for persons qualified to serve on the Board of Directors and makes recommendations to the Board with respect thereto, as more fully described below. The Governance Committee is comprised entirely of independent directors, as defined by the NASDAQ listing standards, and currently consists of Messrs. Hunter, Simone and Jackson (Chairman). During 2015, the Governance Committee met four times.

Strategic Planning Committee. The Company's Strategic Planning Committee oversees the Company's strategic planning process. The Strategic Planning Committee consists of Messrs. D'Amore, Hunter, Peeler, Simone and Braun (Chairman). During 2015, the Strategic Planning Committee met three times.

Board Composition and Nomination Process

Pursuant to our Corporate Governance Guidelines, the Governance Committee will evaluate the suitability of potential nominees for membership on the Board, taking into consideration the Board's current composition, including expertise, diversity and balance of inside, outside and independent directors, and considering the general qualifications of the potential nominees, including those characteristics described in the Corporate Governance Guidelines as in effect from time to time. In selecting the director nominees, the Board endeavors to establish a diversity of background and experience in a number of areas of core competency, including

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business judgment, management, accounting and finance, knowledge of the industries in which the Company operates, understanding of manufacturing and services, strategic vision, knowledge of international markets, marketing, research and development and other areas relevant to the Company's business. Under our Corporate Governance Guidelines, the Board periodically conducts a critical self-evaluation, including an assessment of the make-up of the Board as a whole. In any particular situation, the Governance Committee may focus on persons possessing a particular background, experience or qualifications which the committee believes would be important to enhance the effectiveness of the Board. The full Board reviews and has final approval authority on all potential director candidates being recommended to the stockholders for election.

Compensation of Directors

For services performed in 2015, Veeco's Director Compensation Policy provides that members of the Board of Directors who are not employees of Veeco shall be paid quarterly retainers as follows: for service as a Board member, \$17,500, as chair of the Audit Committee, \$5,000, as chair of the Compensation Committee, \$3,750, as chair of the Governance Committee, \$2,500, as chair of the Strategic Planning Committee, \$2,500, and as Lead Director, \$4,250. E