

## **VEECO INSTRUMENTS INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

#### **Director Qualification Standards**

The individual qualifications sought in potential Director nominees identified by the Nominating and Governance Committee for consideration by the Board are set forth in the Charter of that Committee. The following standards are also applied in the selection of candidates for nomination:

1. Independence. At least a majority of the Board should consist of directors who are independent as defined in the Nasdaq listing rules.
2. Other Board Service. Service by a Veeco director on the Board of one or more other companies must be consistent with Veeco's conflict of interest policies and the nature and time involved in such service shall be taken into account in evaluating the suitability of individual directors for nomination.
3. Retirement Age. In general, the Board believes that 75 is an appropriate retirement age for outside Directors and will not nominate directors for re-election who are beyond 75 years of age.
4. Change in Principal Occupation. If an individual director changes his or her principal employment from what it was when elected to the Board or undergoes a change affecting their qualification as a Directors as described in the Charter of the Nominating and Governance Committee, then that director shall tender a letter of resignation. When a resignation is tendered under these circumstances, the Nominating and Governance Committee will inform the Board as to whether or not it recommends the acceptance of the resignation.

#### **Ethics and Conflicts of Interest**

Directors must meet the highest levels of honesty, integrity, and objectivity, and comply with all relevant laws, governmental regulations, and the Veeco Code of Business Conduct as it applies to them. They must be alert to any actual, apparent or potential conflict of interest, as well as any other situation or activity that would compromise their ability to carry out their duties ethically and objectively. If an actual, apparent or potential conflict of interest arises for a director, that director will promptly inform the Chairman and either the Lead Director or Chairman of the Nominating and Governance Committee, who will bring the matter before the Board to resolve on a case-by-case basis. Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests, and may rely upon the advice of the Veeco Secretary or General Counsel in deciding whether or not recusal is necessary or appropriate. If a significant conflict exists and cannot be resolved, the director should resign.

### **Directors' Time Commitment and Availability**

Directors are expected to regularly attend Board meetings and meetings of the committees on which they serve. They are expected to review all materials distributed to them in advance of the meetings, and to spend the time necessary to prepare for meetings. Directors must be contactable by the Chairman and the Secretary on short notice and be available for special meetings of the Board when necessary.

### **Board Agenda and Information**

The Chairman of the Board and CEO, taking into account suggestions from other members of the Board, will set the agenda for each Board meeting. The committee chairs will set the agenda for each committee meeting. The Secretary or other corporate officer working with such committee will distribute this agenda, together with appropriate information for consideration in connection with the agenda topics, to each director or committee member in advance of the meeting. In addition, there should be an annual cycle of agenda items which evolves from year to year, such as presentations from Finance, Sales and Marketing and the major business segments and operations of the Company, as well as a session on the Company's long-term strategic plan. Sensitive subject matters do not necessarily require written materials.

### **Board and Committee Access to Management and Advisors**

The Board and its Committees have full and free access to officers and employees of the Company, and are free to retain independent legal, financial or other advisors, as the Board or such Committee deems necessary. For purposes of preparing the agenda for Board and Committee meetings, the Chairman and Committee Chairs regularly solicit suggestions from the Directors for presentations by executive officers and other senior managers at Board and Committee meetings. Any additional meetings or contacts that a director wishes to initiate may be arranged through the Chairman, the Secretary, or any Committee Chair.

### **Director Compensation**

The Nominating and Governance Committee considers various factors in determining the form and amount of director compensation to recommend to the Board, including alignment of incentives with the interests of the Company and its shareholders, the maintenance of the independence of a majority of members of the Board, consideration of the work load, time commitment and responsibilities involved in Board and Committee meeting participation, and comparison with the compensation practices of comparable companies.

### **Director Orientation and Continuing Education**

Each new director is given an introduction to the Board's duties and practices, as well as to Veeco Instruments Inc., its businesses and operations, its financial strategies, its controls and compliance systems and its compensation and benefits plans, within six months of joining the Board. The full Board participates in periodic reviews of the Company's businesses. The Board and its Committees also receive updates on evolving corporate governance standards and relevant best practices as appropriate.

### **Executive Sessions of the Independent Directors**

Independent directors shall meet without management at regular quarterly Board meetings and as requested by a director. The Lead Director shall preside.

### **Succession Planning**

The Board is responsible for assuring that the Corporation has sufficient strength in management to achieve its short-and long-term goals. As part of the annual officer evaluation process, the Compensation Committee works with the CEO to plan for CEO and other key officer succession, as well as to develop plans for interim succession for the CEO in the event of an unexpected occurrence. In particular, the CEO provides an assessment of senior managers and their potential to succeed him and/or other senior key officers. The results of these reviews are reported to and discussed with the Board.

### **Periodic Performance Evaluation of the Board**

The Nominating and Governance Committee conducts a periodic self-evaluation by the directors of the Board's performance, and the full Board discusses the results and considers ways to improve Board practices. The Committee reviews these Corporate Governance Guidelines on the basis of that evaluation and discussion, as well as developments in law, listing standards, and governance best practices, and recommends any appropriate changes to the Board for its consideration. It is expected that the Board evaluation will be done every other year and that each Committee will perform a self-evaluation in the years in which the Board evaluation is not being performed.