

## **VEECO INSTRUMENTS INC.**

### **CHARTER OF THE COMPENSATION COMMITTEE**

#### **PURPOSE**

The Compensation Committee of Veeco Instruments Inc. (the “Company”) shall assist the Company’s Board of Directors (the “Board”) in meeting its responsibilities with regard to: (i) the compensation of the Company’s executives; (ii) oversight of the general compensation philosophy of the Company; (iii) oversight of the management risks relating to executive compensation plans and arrangements; (iv) the adoption and administration of policies and plans governing the Company’s compensation, employee benefit and equity programs; and (v) reporting on executive compensation to the Company’s shareholders.

#### **COMPOSITION**

The Committee members and its chairperson shall be appointed annually by the Board based on the recommendations of the Governance Committee. The Committee shall consist of not less than two non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), who have been determined to be independent outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended and regulations thereunder (the “IRC”), are independent as determined in accordance with Nasdaq rules and otherwise meet the requirements for compensation committee members under Nasdaq rules. Committee members may be removed or replaced by the Board at any time with or without cause.

#### **MEETINGS AND REPORTS**

The Committee shall meet at least four times each year. Additional meetings may occur as the Committee deems advisable. The Committee chairperson may invite other members of the Board, representatives of management and/or outside advisors to attend all or a portion of any meeting. The Committee shall meet in executive session, without representatives of management present, as may be deemed appropriate, and in no case shall the CEO be present during deliberation or voting on the CEO’s compensation. A Committee member, a member of management or another person designated by the chairperson shall act as secretary for each meeting and will be responsible for keeping adequate minutes. The chairperson shall periodically report to the Board on the Committee’s deliberations and recommendations.

#### **AUTHORITY**

The Committee shall have the authority to:

- Interpret the Company’s compensation, equity and other benefit plans and establish the rules for their implementation and administration, except as otherwise determined by the Board;
- In its sole discretion, retain or obtain the advice of outside counsel, compensation consultants and/or other experts (collectively, “Advisors”) as it deems appropriate, including sole authority to approve the payment of fees and expenses associated with work performed by such Advisors with funding provided by the Company. The Committee shall be directly responsible for the appointment, compensation and

oversight of the work of any Advisors. Prior to retaining or obtaining the advice of any Advisor, the Committee will review and assess the independence of such Advisor in accordance with, and taking into consideration the factors set forth in, Rule 10C-1(b)(4) of the Exchange Act;

- Seek any information it requires from the Company's employees and Advisors, all of whom are directed to cooperate with the Committee's requests; and
- Delegate specific Committee responsibilities to one or more individual Committee members or to one or more members of senior management, to the extent permitted by law, regulation, listing standards and the Bylaws of the Company.

## **RESPONSIBILITIES**

This Charter sets forth the responsibilities of the Committee as a guide and should remain adaptable to changing conditions and circumstances.

1. Review the competitiveness of the Company's executive compensation programs to ensure:
  - The attraction and retention of corporate officers, executives and key employees (the "Executives");
  - The motivation of Executives to achieve the Company's business objectives without excessive risk-taking; and
  - The alignment of the interests of Executives with the long term interests of the Company's shareholders.
2. Monitor trends and best practices in management compensation and benefits, review existing plans and oversee revisions of existing plans and the development of new plans and, if Board approval is required, to make a recommendation to the Board with regard to such revision or development.
3. Establish the annual and long-term performance criteria, goals and maximum individual awards for Executives of the Company before or as near as practical to the beginning of each performance period and certify results achieved at the end of each performance period where required for purposes of deducting compensation under Section 162(m) of the IRC.
4. Review and approve objectives, evaluate performance against objectives and review and approve the compensation package (as defined in item 5 below) of the Chief Executive Officer (the "CEO"), and report any changes to the CEO's compensation package to the Board. The Committee shall base its decisions regarding CEO compensation on such factors as it deems relevant. These factors may include, without limitation:
  - CEO performance relative to personal objectives;
  - Company performance and overall shareholder returns relative to peer companies and prior years, taking into account economic and business conditions;

- The CEO's compensation in prior years;
  - Review of compensation practices at companies similar to the Company; and
  - The results of the most recent Say-on-Pay vote.
5. Review the compensation packages of the CEO and other Executives of the Company, including, but not limited to:
    - Base salary;
    - Annual and long-term incentive awards of cash and equity;
    - Perquisites and benefits;
    - Agreements concerning employment, severance and change in control.
  6. Review compensation programs and practices with regard to employee incentives to take risks, assessing such incentives in the context of the Company's program for management of risk; and oversee the Company's compensation recoupment or other clawback policies.
  7. Review matters of succession planning, organization development and other major human resource planning issues and, as deemed appropriate by the Committee, make recommendations to the Board.
  8. Review and discuss with the Company's management any required compensation discussion and analysis and compensation risk assessment or similar disclosure and prepare a report of the Committee to be included in the Company's annual proxy statement in compliance with applicable rules and regulations of the Securities and Exchange Commission and the relevant listing authority.
  9. Review and make recommendations concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise determined by the Board, the Committee will act on behalf of the Board as the "Committee" established to administer equity-based and other employee benefit plans and, as such, will discharge any responsibilities imposed on the Committee under those plans, including making and authorizing grants, in accordance with the terms of those plans.
  10. Monitor trends and best practices relating to the compensation of non-employee directors, review existing plans and oversee revisions of existing plans and the development of new plans, such revisions and development to be recommended to the Board, as appropriate. Consult with the Governance Committee to ensure that the Company's compensation practices are effective in the recruitment and retention of non-employee directors.
  11. Review and assess the performance and effectiveness of the Committee at least annually.
  12. Review and reassess the adequacy of this Charter at least annually, recommend to the Board appropriate changes to the Charter, and ensure that the Charter is either

(i) posted on the Company's website or (ii) included as an appendix to the annual stockholders' meeting proxy statement at least once over three (3) years, or promptly after any significant amendment to the Charter.

In addition to the above responsibilities, the Committee shall undertake such other duties as the Board delegates to it.

This Charter shall govern the operations of the Compensation Committee. It shall be deemed to be updated at all times to reflect any legislative, regulatory or listing requirement applicable to the Committee.

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As adopted by the Board of Directors on August 2, 2017.