

VEECO INSTRUMENTS INC
 Form 4
 July 31, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KANIA DON R

2. Issuer Name and Ticker or Trading Symbol
**VEECO INSTRUMENTS INC
 [VECO]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction
 (Month/Day/Year)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
President and COO

**VEECO INSTRUMENTS INC.,, 100
 SUNNYSIDE BOULEVARD,
 SUITE B**

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ___ Form filed by More than One Reporting Person

WOODBURY, NY 11797

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | (A) or (D) | 5. Amount or Price | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|------------|------------------------|---|--|---|
| Common Stock, par value \$.01 per share | 07/27/2006 | | M | 10,396 | A | \$ 21.68 | 30,834 | D | |
| Common Stock, par value \$.01 per share | 07/27/2006 | | S | 10,396 | D | \$ 22.44 <u>(1)</u> | 20,438 | D | |
| Common Stoc, par | 07/28/2006 | | M | 15,729 | A | \$ 21.36 | 36,167 | D | |

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value \$.01
per share

Common
Stock, par
value \$.01
per share

07/28/2006

S 15,729 D \$ 22 20,438 D

Common
Stock, par
value \$.01
per share

07/28/2006

M 59,604 A \$ 21.68 80,042 D

Common
Stock, par
value \$.01
per share

07/28/2006

S 59,604 D \$ 22.12 20,438 D
(2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|--------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | |
| Employee Stock Option (Right to Purchase) | \$ 21.68 | 07/27/2006 | | M | 10,396 | <u>(3)</u> | 06/24/2009 | Common Stock | 10,396 |
| Employee Stock Option (Right to Purchase) | \$ 21.36 | 07/28/2006 | | M | 15,729 | <u>(4)</u> | 07/27/2011 | Common Stock | 15,729 |
| Employee Stock Option | \$ 21.68 | 07/28/2006 | | M | 59,604 | <u>(3)</u> | 06/24/2009 | Common Stock | 59,604 |

(Right to Purchase)

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KANIA DON R VEECO INSTRUMENTS INC., 100 SUNNYSIDE BOULEVARD, SUITE B WOODBURY, NY 11797 | | | President and COO | |

Signatures

Gregory A. Robbins,
Attorney-in-fact

07/31/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents the average sale price for sales of this security on the date shown. Actual sale prices ranged from \$22.40 to \$22.50 per share.
- (2) Represents the average sale price for sales of this security on the date shown. Actual sale prices ranged from \$22.00 to \$22.25 per share.
- (3) The original grant provided that the option would become exercisable in 33 1/3 increments on the first, second and third anniversaries of the grant date (June 25, 2002). On April 12, 2005, the Compensation Committee of Veeco's Board of Directors approved the acceleration of vesting of all unvested stock options granted prior to September 1, 2004 which were then out-of-the money (exercise price greater than \$15.26).
- (4) The original grant provided that the option would become exercisable in 33 1/3 increments on the first, second and third anniversaries of the grant date (July 28, 2004). On April 12, 2005, the Compensation Committee of Veeco's Board of Directors approved the acceleration of vesting of all unvested stock options granted prior to September 1, 2004 which were then out-of-the money (exercise price greater than \$15.26).

Remarks:

Dr. Kania has resigned from his position as President and Chief Operating Officer of Veeco Instruments Inc. effective August

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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