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## Semiconductor Equipment Cos. Combine In \$815M Tie-Up

By Fola Akinnibi

*Law360, New York (February 2, 2017, 7:38 PM EST)* -- Veeco Instruments Inc., which makes equipment for companies that manufacture semiconductors, said Thursday it would buy Ultratech Inc. in an \$815 million cash-and-stock deal that the companies say will allow them to meet growing customer demand.

Ultratech is also a provider of semiconductor manufacturing equipment. The purchase price corresponds with a 10.4 percent premium to Ultratech's closing price on Wednesday, according to a statement released Thursday.

Under the deal's terms, Ultratech shareholders will receive \$21.75 per share in cash, along with 0.2675 shares of Veeco for each share held. Combined, this represents a \$28.64 per-share purchase price, the companies said. Once closed, Ultratech shareholders will have a 15 percent stake in the combined company.

Combining will allow both companies to better serve customers and meet demand in the growing advanced packaging industry, along with allowing the combined company to operate at a larger scale, the statement said.

"We believe our complementary end market exposure and customer relationships will create the ideal platform to accelerate growth," John R. Peeler, Veeco's chairman and CEO, said in a statement. "Ultratech is a great fit with our strategy to profitably grow our business and diversify our revenue."

This represents a sort of response to wider industry conditions. A host of technology companies, which are the customers and end users for semiconductors, and semiconductor manufacturers have combined over the past few years. The merger activity in the wider sector means that these suppliers have to make sure that they have the scale and resources to service their customers.

Additionally, Veeco recently implemented cost-cutting strategies, according to its most recent earnings report. Thursday's deal will help make the company even more efficient, it said, cutting costs in the long-run.

The deal is subject to regulatory approvals, Ultratech shareholder approvals and other customary closing conditions. It is expected to close in the second quarter of this year.

Shares of Ultratech, which trade on Nasdaq, closed trading on Thursday news of the deal at \$28.20 apiece, an 8.71 percent rise from their Wednesday close.

Veeco was represented by Morrison & Foerster LLP, while Barclays served as its financial adviser on the deal. The MoFo team was led by Charles Katz and Thomas Knox.

Ultratech was represented by O'Melveny & Myers LLP and its financial adviser was Bank of America Merrill Lynch. The O'Melveny team was led by partners Warren Lazarow and David Makarechian, counsel Angola Russell and associate Noah Kornblith.

--Editing by Kelly Duncan.

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