

CVD EQUIPMENT CORP

Form DEF 14A

October 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant To Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commissions Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

CVD EQUIPMENT CORPORATION

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CVD EQUIPMENT CORPORATION

355 South Technology Drive

Central Islip, NY 11722

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 9, 2016

Dear Shareholders:

NOTICE IS HEREBY GIVEN, that the 2016 Annual Meeting of Shareholders of CVD Equipment Corporation (the “Company”) will be held at 10:00 A.M., Eastern Standard Time on December 9, 2016 at the Company’s headquarters located at 355 South Technology Drive, Central Islip, New York 11722. At the meeting, you will be asked to vote on:

1. The election of five (5) directors to the Board of Directors of the Company to serve until the 2017 Annual Meeting of Shareholders;
2. The amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock of the Company;
3. The ratification of MSPC, Certified Public Accountants and Advisors, P.C. (“MSPC”) as the Company’s independent registered public accounting firm for the years ending December 31, 2016 and December 31, 2017;
4. To approve the 2016 CVD Equipment Corporation Share Incentive Plan;
5. The approval of a non-binding advisory resolution supporting the compensation of the Company’s named executive officers;
- 6.

The approval of a non-binding advisory resolution regarding the frequency of future non-binding advisory votes related to future named executive officer compensation; and

7. To transact such other and further business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on October 17, 2016 as the record date for determining shareholders who are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

Your vote is important to us. Whether or not you intend to be present at the meeting, please sign and date the enclosed proxy card and return it in the enclosed envelope. Returning a proxy will not deprive you of your right to attend the Annual Meeting and vote your shares in person.

The foregoing items of business are more fully described in the accompanying proxy statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD DECEMBER 9, 2016:

THIS NOTICE OF ANNUAL MEETING, PROXY STATEMENT, PROXY CARD AND REPORT ON FORM 10-K FOR THE PERIOD ENDING DECEMBER 31, 2015 IS AVAILABLE AT www.cvdequipment.com. CLICK ON THE BUTTON www.cvdproxy.com

By Order of the Board of Directors,

/s/ Leonard A. Rosenbaum
Leonard A. Rosenbaum
Chairman, President and Chief Executive
Officer

Dated: November 1, 2016

Central Islip, New York

CVD EQUIPMENT CORPORATION

355 South Technology Drive

Central Islip, NY 11722

PROXY STATEMENT

2016 ANNUAL MEETING OF SHAREHOLDERS

December 9, 2016

INTRODUCTION

This proxy statement and the accompanying proxy card is furnished in connection with the solicitation by the Board of Directors of CVD Equipment Corporation, a New York corporation (the “Company”), of proxies for use at the 2016 Annual Meeting of Shareholders (the “Annual Meeting”) to be held at the Company’s headquarters at 355 South Technology Drive, Central Islip, New York 11722 at 10:00 A.M., Eastern Standard Time, on December 9, 2016, or at any adjournment or postponement thereof, for the purposes set forth in this proxy statement and the accompanying Notice of Annual Meeting of Shareholders. This proxy statement and the accompanying proxy card is first being mailed on or about November 3, 2016 to all Shareholders of the Company entitled to vote at the Annual Meeting (the “Shareholders”).

VOTING PROCEDURES AND SOLICITATION

Your Vote Is Important

Whether or not you plan to attend the Annual Meeting, please complete and return the enclosed proxy card. Your prompt voting may save the Company the expense of following up with a second mailing. A return envelope (postage paid if mailed in the United States) is enclosed for that purpose. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity, (for example, as an officer of a corporation, guardian, executor, trustee or custodian) you should indicate your name, title or capacity.

Methods of Voting

You may vote by signing, dating and returning the enclosed proxy card, by contacting our proxy solicitor Laurel Hill Advisory Group at their toll free telephone number, 888-742-1305, or by voting in person at the Annual Meeting. If you send in a proxy card, and also attend the Annual Meeting in person, the proxy holders will vote your shares as you instructed on your proxy card, unless you inform the Secretary at the Annual Meeting that you wish to vote in person.

Revoking a Proxy

You may revoke your proxy by:

Signing and returning another proxy card at a later date;

Sending written notice of revocation to the attention of the Secretary to:

CVD Equipment Corporation
355 South Technology Drive
Central Islip, NY 11722; or

Informing the Secretary and voting in person at the Annual Meeting.

To be effective, a later-dated proxy or written revocation must arrive at the above address before the start of the Annual Meeting.

Proxy Solicitation

The enclosed proxy card is being solicited on behalf of the Board of Directors of the Company. The Company will pay all costs of preparing, assembling and mailing the proxy materials. In addition to mailing out proxy materials, the Company's directors, officers and employees may, without being additionally compensated, solicit proxies by telephone fax, or other electronic means. The Company has requested brokers, banks and other fiduciaries to forward proxy materials to the beneficial owners of the Company's common stock. No additional compensation will be paid for such solicitation. The Company does not expect to employ anyone else in the solicitation of proxies.

How Proxy Cards Are Voted

The proxy holders named on the proxy card are Leonard Rosenbaum, the Company's Chairman, President and Chief Executive Officer, and Glen R. Charles, the Company's Chief Financial Officer and Secretary. Giving us your proxy means you authorize us to vote your shares at the Annual Meeting in the manner you direct. You may vote for all, some or none of our director nominees. You may also vote for or against the other proposals or abstain from voting. The proxy holders will vote shares according to the shareholder instructions on the proxy card. If a signed proxy card does not contain instructions, then the proxy holders will vote the shares (1) "FOR" the election of the director nominees listed on the card; (2) "FOR" the amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of Common Stock; (3) "FOR" ratifying the appointment of MSPC as the Company's independent public accountants for the years ending December 31, 2016 and 2017; (4) "FOR" the approval of the 2016 CVD Equipment Corporation Share Incentive Plan; (5) "FOR" the approval of the non-binding advisory resolution supporting the compensation of our named executive officers; (6) in favor of "THREE YEARS" for the non-binding advisory votes relating to future named executive officer compensation; and (7) in their discretion, on any other business that may properly come before the meeting.

Broker Non-Votes

A broker non-vote occurs when a shareholder holds his or her shares through a broker and the broker does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item, and has not received instructions from the beneficial owner. Broker non-votes count for quorum purposes but not for voting purposes. It is important that you instruct your broker how to vote shares held by you in street name using the voting instruction form provided by your broker.

Quorum and Votes Required

A majority of the outstanding shares of common stock entitled to vote represented at the Annual Meeting in person or by proxy constitute a quorum. Only votes "FOR" or "AGAINST" a proposal count. Abstentions and broker non-votes will count towards the quorum but not for voting purposes.

Directors are elected by a plurality of the votes cast, so the five (5) nominees receiving the most votes will be elected. Shareholders who do not wish to vote for one or more of the individual nominees may withhold authority as directed in the proxy card.

The proposal to ratify the appointment of the independent auditors for the year ending December 31, 2017 requires the affirmative vote of the holders of a majority of shares of common stock present or represented by proxy at the Annual Meeting and entitled to vote.

The proposal to amend the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock requires the affirmative vote of the holders of a majority of shares of common stock issued and outstanding and entitled to vote.

The proposal to approve the 2016 CVD Equipment Corporation Share Incentive Plan requires the affirmative vote of the holders of a majority of shares of common stock present or represented by proxy at the Annual Meeting and entitled to vote.

The proposal to approve the non-binding advisory resolution supporting the compensation of our named executive officers requires the affirmative vote of the holders of a majority of shares of common stock present or represented by proxy at the Annual Meeting and entitled to vote.

With respect to the proposal to approve the non-binding advisory vote regarding the frequency of future non-binding advisory votes relating to future named executive officer compensation, the option (i.e. one year, two years or three years) receiving the most votes (from the holders of common stock present or represented by proxy and entitled to vote on this matter) will be ratified.

Voting Rights, Shares Outstanding and Votes Per Share

Holders of common stock at the close of business on the record date of October 17, 2016 are entitled to vote at the Annual Meeting.

As of the close of business on October 17, 2016, there were 6,324,180 shares of common stock outstanding.

Each share of common stock is entitled to one vote on each matter submitted to the shareholders at the Annual Meeting.

No Dissenter's Rights

Shareholders are not entitled to dissenter's rights of appraisal with respect to the proposals being voted on.

Householding of Annual Meeting Materials

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Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to shareholders may have been sent to multiple shareholders in your household. The Company will promptly deliver a separate copy of either document to you if you contact the Secretary at the following address or telephone number: CVD Equipment Corporation, 355 South Technology Drive, Central Islip, NY 11722; telephone: (631) 981-7081. In addition, copies of both documents may be obtained from our website (www.cvdequipment.com, click on the button www.cvdproxy.com). If you want to receive separate copies of the proxy statement or the annual report to shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact the Company at the above address or telephone number.

PROPOSAL 1: ELECTION OF DIRECTORS AND MANAGEMENT INFORMATION

At the time of the Annual Meeting, the Board of Directors will consist of six (6) incumbent directors, five of which are seeking to be elected at the Annual Meeting to serve until the next Annual Meeting or Special Meeting of Shareholders at which a new Board of Directors is elected and until their successors shall have been elected and qualified. As previously disclosed, Kelly S. Walters has notified the Company that, for personal reasons, he has elected not to stand for re-election to the Board of Directors, but shall continue to serve as a Director until the Annual Meeting. The accompanying proxy card will be voted in favor of the persons named below to serve as directors, unless the shareholder indicates to the contrary on the proxy card. Each of the nominees is currently one of the Company's directors. See "Information Regarding Executive Officers and Directors" for biographical information as to each nominee.

The Nominating, Governance and Compliance Committee of the Board of Directors has nominated **Leonard A. Rosenbaum, Martin J. Teitelbaum, Conrad J. Gunther, Lawrence J. Waldman and Raymond A. Nielsen** for election as the Company's directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THIS PROPOSAL 1 TO ELECT AS DIRECTORS THE FIVE NOMINEES PROPOSED BY THE NOMINATING, GOVERNANCE AND COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS.

Information Regarding our Board of Directors

Our Certificate of Incorporation and Bylaws provide for our Company to be managed by or under the direction of the Board of Directors. Under our Certificate of Incorporation and Bylaws, the number of directors is fixed from time to time by the Board of Directors. Our Board of Directors currently consists of six directors, four of which have been determined to be "independent" as defined by the applicable rules of the NASDAQ Capital Market. These "independent" directors are Messrs. Gunther, Walters, Waldman and Nielsen. Consistent with the requirements of the NASDAQ Capital Market, we require that a majority of our Board of Directors be "independent" directors. The Company's common stock is listed on the NASDAQ Capital Market under the trading symbol "CVV". The Company is a "smaller reporting company" within the meaning of Item 10(f)(1) of Regulation S-K.

The primary responsibilities of our Board of Directors are to provide oversight, strategic guidance, counseling and direction to our management. Our Board of Directors meets on a regular basis and additionally as required. Written or electronic materials are distributed in advance of meetings as a general rule and our Board of Directors schedules meetings with, and presentations from, members of our senior management on a regular basis and as may be required from time to time.

Directors are elected at the Annual Meeting of Shareholders and hold office until our next Annual Meeting and until their successors are elected and qualified. Officers are appointed by the Board of Directors and serve at the pleasure of the Board of Directors.

The Board of Directors held seven (7) meetings during the 2015 fiscal year. All of the directors, at that time, attended at least 75% of the meetings of the Board of Directors and of the committees on which they served. While we encourage all members of the Board of Directors to attend Annual Meetings of Shareholders, there is no formal policy as to their attendance. At last year's Annual Meeting of Shareholders, all six members of the Board of Directors attended the meeting.

Director Service On Other Boards

Lawrence J. Waldman has served as a director of Bovie Medical Corporation ("Bovie") since 2011 and is currently the Chair of the Audit Committee and Lead Independent Director of Bovie's Board. Mr. Waldman serves as a member of the Board of Directors of Northstar/RXR Metro Income Fund, a non-traded Real Estate Investment Trust, and has served as a member of its Audit Committee since 2014. Mr. Waldman also serves as a member of the Board of Directors of Comtech Telecommunications, Corp. since August of 2014, and has served as the Chairman of the Audit Committee since December 2015.

Raymond A. Nielsen has been a member of the Board of Directors of Bridgehampton National Bank and Bridge Bancorp Inc., its parent holding company since 2013. He currently serves on the Compensation Committee, Corporate Governance and Nominating Committee as well as on the ALCO and Loan Committees and the Compliance BSA & CRA Committee.

Legal Proceedings Involving Directors

There were no legal proceedings required to be disclosed hereunder involving the nominees to the Board of Directors in the past ten years.

Board Leadership

The Board has no formal policy with respect to separation of the positions of Chairman and CEO or with respect to whether the Chairman should be a member of management or an independent director, and believes that these are matters that should be discussed and determined by the Board from time to time. Currently, Leonard A. Rosenbaum serves as our Chairman, President and CEO. Given the fact that Mr. Rosenbaum, in his capacity as our President and CEO, is tasked with the responsibility of implementing our corporate strategy, we believe he is best suited for leading discussions, at the Board level, regarding performance relative to our corporate strategy, and this discussion accounts for a significant portion of the time devoted at our Board meetings. The Board of Directors believes that the independent directors have been effective in acting collaboratively to provide effective oversight of management. Moreover, in addition to feedback provided during the course of Board and committee meetings, the independent directors have regular executive sessions. Following an executive session, the independent directors communicate any relevant feedback to our CEO and CFO and provide input with regard to any agenda items for Board meetings.

Risk Management Oversight

Our management is responsible for defining the various risks facing the Company, formulating risk management policies and procedures, and managing our risk exposures on a day-to-day basis. The Board's responsibility is to monitor our risk management processes concerning our material risks and evaluating whether management has reasonable controls in place to address the material risks. The Board has played, and continues to play, a very active role in providing on-going oversight to management in identifying and managing the material risks we face.

While the Board periodically reviews and discusses the overall risks we face, as well as risk management and mitigation in the context of specific plans or projects being proposed or implemented, the Board also exercises its

overall responsibility for risk oversight through its committees. The Audit Committee of the Board is primarily responsible for overseeing management's processes for managing financial and operational risk in the Company. The Audit Committee also has primary responsibility at the Board level with respect to overseeing the management of risks relating to the reliability of our financial reporting processes and system of internal controls. In connection with that responsibility, the Audit Committee has sole authority to retain and terminate the independent registered public accounting firm and is directly responsible for the compensation and oversight of the work of the independent registered public accounting firm. The Audit Committee meets with management and the independent registered public accounting firm to review and discuss the annual audited and quarterly unaudited financial statements, and reviews the integrity of our accounting and financial reporting processes and audits of our financial statements.

Similarly, the Stock Option and Compensation Committee of the Board oversees risks associated with its areas of responsibility, including the risks associated with our compensation programs, policies and practices with respect to both executive compensation, non-employee director compensation, and compensation generally. The Nominating, Governance and Compliance Committee of the Board oversees risks associated with the nomination of members of the Board and committees thereof and periodically analyzes corporate governance practices in order to assist the Board in its risk oversight activities.

INFORMATION REGARDING EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the names, ages and positions within the Company of each of our directors, and executive officers.

<u>Name</u>	<u>Age</u>	<u>Position(s) with the Company</u>
Leonard A. Rosenbaum	70	Chairman of the Board of Directors, Chief Executive Officer and President
Martin J. Teitelbaum	66	Director and Assistant Secretary, General Counsel
Conrad J. Gunther	70	Director and Chairman-Audit Committee
Kelly S. Walters	45	Director and Chairman-Finance Committee
Lawrence J. Waldman	69	Director Nominee
Raymond A. Nielsen	65	Director Nominee
Glen R. Charles	62	Chief Financial Officer and Secretary
Steven Aragon	55	Chief Operating Officer
Karlheinz Strobl	57	Vice President of Business Development
William S. Linss	59	Vice President of Operations-CVD/First Nano Division
Kevin R. Collins	50	Vice President of Operations-SDC Division

Business Experience:

The principal occupation and business experience of each of the directors, nominees for directors and executive officers are as follows:

Directors**Leonard A. Rosenbaum**

Leonard A. Rosenbaum founded the Company in 1982 and has been our President, Chief Executive Officer and has served as Chairman of the Board of Director since that time. From 1971 until 1982, Mr. Rosenbaum was President, Director and a principal shareholder of Nav-Tec Industries, a manufacturer of semiconductor processing equipment similar to the type of some of the equipment that we currently manufacture. From 1966 to 1971, Mr. Rosenbaum was employed by a division of General Instrument Corporation, a manufacturer of semiconductor materials and equipment.

Martin J. Teitelbaum

Martin J. Teitelbaum has served as a member of our Board of Directors since 1985 and as our in-house General Counsel since May 16, 2011. Mr. Teitelbaum is an attorney, who prior to May 16, 2011, conducted his own private practice, the Law Offices of Martin J. Teitelbaum. Prior to establishing his own firm in 1988, Mr. Teitelbaum was a partner at Guberman and Teitelbaum from 1977 to 1987. In addition, Mr. Teitelbaum currently acts as our Assistant Secretary. Mr. Teitelbaum earned a B.A. in Political Science from the State University of New York at Buffalo and a Juris Doctor from Brooklyn Law School. Mr. Teitelbaum had been the Company's outside general counsel for many years prior to joining CVD on a full-time basis and his legal expertise makes him an asset to the Company's Board of Directors.

Conrad J. Gunther

Conrad J. Gunther has served as a member of our Board of Directors since 2000. Mr. Gunther has extensive experience in mergers and acquisitions and raising capital through both public and private means. He has been an executive officer and director of several banks, both public and private, and has served on the boards of two other public companies. From January 2008 until June 2015, Mr. Gunther was Executive Vice President and Chief Lending Officer at Community National Bank. He is currently Executive Vice President and Chief Lending Officer at First Central Savings Bank. We believe Mr. Gunther's qualifications to serve on our Board of Directors include his experience and expertise in the financial community.

Lawrence J. Waldman

Lawrence J. Waldman was appointed a member of the Board of Directors on October 5, 2016. Mr. Waldman has over forty years of experience in public accounting. He joined First Long Island Investors LLC, an investment and wealth management firm, as a Managing Director in May 2016. Prior to that Mr. Waldman served as an advisor to the accounting firm of EisnerAmper LLP, where he was previously the Partner-in-Charge of Commercial Audit Practice Development for Long Island since September 2011. Prior to joining EisnerAmper LLP, Mr. Waldman was the Partner-in-Charge of Commercial Audit Practice Development for Holtz Rubenstein Reminick, LLP from July 2006 to August 2011. Mr. Waldman was the Managing Partner of the Long Island office of KPMG LLP from 1994 through 2006, the accounting firm where he began his career in 1972. Mr. Waldman has served as a director of Bovie Medical since 2011 and he is currently the Chair of the audit committee and Lead Independent Director of the Board. Mr. Waldman serves as a member of the Board of Directors of Northstar/RXR Metro Income Fund, a non-traded Real Estate Investment Trust, and has served as a member of its audit committee since 2014. Mr. Waldman was elected to the Board of Directors of Comtech Telecommunications Corp. in August of 2015, and since December 2015, serves as Chair of its Audit Committee. Mr. Waldman previously served as the Chairman of the Board of Trustees of the Long Island Power Authority (LIPA) and as chair and a member of its Finance and Audit Committee.

Mr. Waldman is a certified public accountant in New York State. He is a member of the American Institute of Certified Public Accountants and the New York State Society of CPAs. He holds a Bachelor of Science and a Master of Business Administration from Hofstra University in Hempstead, New York, where he is also an adjunct professor. Mr. Waldman's extensive wealth of public accounting, general finance and board of director knowledge and experience will be a valuable asset to the Company.

Raymond Nielsen

Raymond Nielsen was appointed a member of the Board of Directors on October 5, 2016. Mr. Nielsen is currently the Director of Finance for The Beechwood Organization and has been responsible for Project and Corporate Finance including Strategic Planning Initiatives since 2014. He has been a member of the Board of Directors of Bridgehampton National Bank and Bridge Bancorp Inc., its Parent holding company since 2013, serving on the Compensation Committee, Corporate Governance & Nominating Committee, ALCO and Loan Committees, and the Compliance BSA & CRA Committee. Mr. Nielsen is the former CEO of Reliance Federal Savings Bank and Herald National Bank, and a 45 year veteran of the banking industry. Mr. Nielsen also served as a Director of North Fork Bancorporation and its subsidiary North Fork Bank for 6 years where he chaired both the Compensation Committee and Audit Committee as well as having served as Lead Independent Director. Mr. Nielsen's extensive public company, banking and real estate development experience will provide a valuable resource to the Board of Directors and Executive Management.

Executive Officers

Glen R. Charles

Glen R. Charles has been our Chief Financial Officer and Secretary since January 2004. From 2002 until 2004, he was the Director of Financial Reporting for Jennifer Convertibles Inc., the owner and licensor of the largest group of sofa bed specialty retail stores in the United States. From 1994 to 2002, Mr. Charles was the Chief Financial Officer of Trans Global Services, Inc., a provider of temporary technical services to the aerospace, aircraft, electronics and telecommunications markets. Mr. Charles has also had his own business in the private practice of accounting. Mr. Charles earned his B.S. in Accounting from the State University of New York at Buffalo.

Steven Aragon

Dr. Steven Aragon was appointed Chief Operating Officer by the Board of Directors on October 20, 2014. Dr. Aragon has over 25 years of thin-film process, materials, and system expertise applied to photovoltaic, optical, electronic, and magnetic device fabrication. He received his Ph.D. in Physical Chemistry from the University of California, Santa Cruz, in 1990 and his MBA from Santa Clara University in 1996. He is the holder of five process equipment design patents. Dr. Aragon was a co-founder of Optimus Energy Systems International Inc. and served as its Chief Technical Officer and Senior Vice-President – Engineering from November 2011 to October 2014. From June 2008 to October 2011, he has also served as Vice-President – Engineering at Stion Corp of San Jose, California, a maker of nanostructure-based CIGS (copper indium gallium sulphur-diselenide) thin-film photovoltaic panels and as the Vice President – Engineering at Day Star Technologies Inc. from June 2001 to June 2008.

Karlheinz Strobl

Dr. Karlheinz Strobl has been the Vice President of Business Development since October 2007. From 1997 to 2007, until he joined the Company, he was the founder and President of eele Laboratories, LLC, a technology and manufacturing solutions development company for a novel Light Engine for the video and data projection display market. Dr. Strobl holds fourteen patents and earned an M.B.A. from Boston University, a Ph.D from the University of Innsbruck and an M.S. from both the University of Innsbruck and the University of Padova. He has also worked at the Max Plank Institute and at Los Alamos National Laboratory.

William S. Linss

William S. Linss is the Vice President, Operations for the CVD/First Nano Division of CVD. In addition to managing daily engineering and production operations, Mr. Linss is instrumental in expanding the company's technology capabilities, developing new products and positioning CVD for growth. Prior to his promotion in 2013, Mr. Linss was the Division Manager for the CVD/First Nano Division since 2005. Mr. Linss has worked in Semiconductor Manufacturing and Chemical Vapor Deposition for 25 years. From 1980 through 1988 Mr. Linss worked at Standard Microsystems Corp. in Hauppauge, NY, advancing to Equipment Engineering Manager with all capital equipment responsibilities for SMC's MOS/VLSIC manufacturing. Mr. Linss was employed by CVD from 1988 through 1994, advancing through various positions as Electrical Systems Designer, Field Service Engineer and Production Manager. From 1994 through 2001, Mr. Linss served as a Software Quality Assurance (SQA) Manager with Otari Corporation, at their Long Island pro-audio R&D office; and later with AP Engines in Sacramento, CA, a Cable TV billing solutions start-up. In 2001, Mr. Linss re-joined CVD to head the newly acquired Research International Division for SMT reflow oven manufacturing, which then resulted in CVD's acquisition of the Conceptronic product line.

Kevin R. Collins

Prior to his appointment as Vice President of Operations SDC Division in 2013, Mr. Collins served as the General Manager of CVD's SDC Division since 1999. From 1990 to 1999 he was employed by Stainless Design Corp. as Manager of Field Operations and Product Development Advisor. Mr. Collins attended Columbia University School of Engineering and Applied Science.

COMMITTEES OF OUR BOARD OF DIRECTORS

We have a standing Audit Committee, Stock Option and Compensation Committee, Nominating, Governance and Compliance Committee and Finance Committee.

Audit Committee. The Audit Committee assists the full Board of Directors in its general oversight of our financial reporting, internal controls, and audit functions, and is directly responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. The Audit Committee reviews and discusses with management and our independent accountants the annual audited and quarterly financial statements, reviews the integrity of the financial reporting processes, both internal and external, reviews the qualifications, performance and independence of our independent accountants and prepares the Audit Committee Report included in the Company's Annual Report on Form 10-K in accordance with rules and regulations of the Securities and Exchange Commission. The Audit Committee has the power to investigate any matter brought to its attention within the scope of its duties. It also has the authority to retain counsel and advisors to fulfill its responsibilities and duties. The Audit Committee also acts as a qualified legal compliance committee.

Our Audit Committee presently consists of four independent members of the Board of Directors, Conrad J. Gunther (Chairman), Kelly S. Walters, Lawrence J. Waldman and Raymond A. Nielsen. As a smaller reporting company, we are required to have at least two independent members comprising our Audit Committee in accordance with Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of the NASDAQ Capital Market. Our Board of Directors has determined that Messrs. Gunther, Walters, Waldman and Nielsen are "independent" under Rule 10A-3(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the applicable rules of the NASDAQ Capital Market. Mr. Gunther qualifies as a "financial expert" (as defined in Item 407(d)(5) of Regulation S-K promulgated under the Exchange Act), for the Committee. The Audit Committee meets as often as it determines necessary but not less frequently than once every fiscal quarter. During 2015, the Audit Committee held four (4) meetings. All of the then committee members attended at least 75% of such meetings. A copy of the Audit Committee Charter will be provided to any person without charge upon written request to the Company's address to the attention of the Secretary.

A copy of the Audit Committee Charter is available on the Company's website at www.cvdequipment.com.

Compensation Committee. The Compensation Committee currently consists of Conrad J. Gunther, Kelly S. Walters, Lawrence J. Waldman and Raymond A. Nielsen. The Compensation Committee has broad discretion in determining the persons to whom equity incentives are to be granted and the terms and conditions of the award, including the type of award, the exercise price and term and restrictions and forfeiture conditions. The Committee also reviews, approves and makes recommendations regarding our compensation policies, practices and procedures. With respect to executive officer compensation, the Compensation Committee receives recommendations and information from senior management. Mr. Rosenbaum, the Company's President and Chief Executive Officer, and the Compensation Committee annually review the performance of the Company's executive officers and Mr. Rosenbaum participates in Committee deliberations regarding the compensation of executive officers and senior management. Mr. Rosenbaum does not participate in the review or deliberations regarding his own compensation. Upon request by the Compensation Committee, management provides the Committee with recommendations, data and information regarding the compensation of the Company's executive officers and senior management. The Compensation Committee has the authority to select and retain compensation consultants, outside counsel and other advisors in its sole discretion and to approve their fees and other retention terms. All of the members of the Compensation Committee currently qualify as independent under the rules of the NASDAQ Capital Market. During the fiscal year ended December 31, 2015, the Compensation Committee held two meetings. All of the then committee members attended at least 75% of such meetings. The Compensation Committee did not utilize the services of a compensation consultant during the 2015 fiscal year.

A copy of the Compensation Committee Charter is available on the Company's website at www.cvdequipment.com and will be provided without charge to any person upon written request to the Company's address to the attention of the Secretary.

Nominating, Governance and Compliance Committee. The Nominating, Governance and Compliance Committee presently consists of Conrad J. Gunther (Acting Chairman), Kelly S. Walters, Lawrence J. Waldman and Raymond A. Nielsen. This Committee's role is to make recommendations to the full Board of Directors as to the size and composition of the Board of Directors and to make recommendations as to particular nominees. All of the members of the Nominating, Governance and Compliance Committee currently qualify as independent under the rules of the NASDAQ Capital Market. During the fiscal year ended December 31, 2015, the Nominating, Governance and Compliance Committee held one meeting. All of the then committee members attended at least 75% of such meetings.

The Nominating, Governance and Compliance Committee may consider candidates recommended by shareholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of our business and structure, the Nominating Governance and Compliance Committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board, and concern for the long-term interests of the shareholders. The Nominating, Governance and Compliance Committee annually reviews and makes recommendations to the Board regarding the composition and size of the Board so that the Board consists of members with the proper expertise, skills, attributes, and personal and professional backgrounds needed by the Board, consistent with applicable regulatory requirements. Candidates recommended by shareholders will be considered on the same basis as candidates from other sources. If a shareholder wishes to nominate a candidate to be considered for election as a director at the 2017 Annual Meeting of Shareholders, he or she must submit nominations in accordance with the procedures set forth in "Shareholder Proposals For Next Annual Meeting." If a shareholder wishes simply to propose a candidate for consideration as a nominee by the Nominating, Governance and Compliance Committee, he or she should submit any pertinent information regarding the candidate to the members of the Nominating, Governance and Compliance Committee of CVD Equipment Corporation, c/o Secretary, 355 South Technology Drive, Central Islip, New York 11722.

The Nominating, Governance and Compliance Committee believes that all directors, including nominees, should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of our shareholders. The Nominating, Governance and Compliance Committee will consider criteria including the nominee's current or recent experience as a senior executive officer, whether the nominee is independent, as that term is defined in existing independence requirements of the NASDAQ Stock Market and the Securities and Exchange Commission, the business, scientific or engineering experience currently desired on the Board, geography, the nominee's industry experience, and the nominee's general ability to enhance the overall composition of the Board.

The Nominating, Governance and Compliance Committee does not have a formal policy on diversity; however, in recommending directors, the Board and the Committee consider the specific background and experience of the Board members and other personal attributes in an effort to provide a diverse mix of capabilities, contributions and viewpoints which the Board believes enables it to function effectively as the Board of Directors of a company with our size and nature of business.

A copy of the Nominating, Governance and Compliance Committee Charter is available on the Company's website at www.cvdequipment.com and will be provided to any person without charge upon written request to the Company's address to the attention of the Secretary.

Finance Committee. The Finance Committee presently consists of Kelly S. Walters (Chairman) and Conrad J. Gunther. The committee was established on September 14, 2011 for the purpose of providing advice to the Board as to matters pertaining to general corporate finance. The Finance Committee did not hold any meetings during the fiscal year ended December 31, 2015.

Meetings of Independent Directors. Members of the Board of Directors who are "independent" as defined in Rule 5605(a)(2) of the NASDAQ rules hold meetings periodically without persons who are members of management present. There were no meetings held during the fiscal year ended December 31, 2015.

Shareholder Communications

The Board of Directors provides a process by which shareholders may communicate with the Board, including our independent directors. Shareholders who wish to communicate with the Board may do so by sending written communications addressed to any director or the entire Board of Directors of CVD Equipment Corporation, c/o Secretary, 355 South Technology Drive, Central Islip, NY 11722. All mail received at the above address that is addressed to the Board of Directors or any individual director will be relayed by the Company to the Board of Directors or individual director. On a periodic basis, all such communications will be compiled by the Secretary and submitted to the Board of Directors or the individual director whom the communications are addressed.

Code of Conduct and Ethics

The Board of Directors has adopted a Corporate Code of Conduct and Ethics, which applies to all directors, officers and employees, including the Company's principal executive officer and principal financial officer. A copy of the Code of Conduct and Ethics is available on the Company's web site at www.cvdequipment.com and will be provided to any person without charge upon written request to the Company's address to the attention of the Secretary.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of October 17, 2016 information regarding the beneficial ownership of the Company's common stock by (a) each person who is known to the Company to be the owner of more than five percent of the Company's common stock, (b) each of the Company's directors, (c) each of the named executive officers, (d) all directors and executive officers and executive employees as a group and (e) all owners of more than five percent of the Company's common stock as a group. For purpose of this table, a person or group of persons is deemed to have beneficial ownership of any shares that such person has the right to acquire within 60 days of October 17, 2016.

<u>Name and Address of Beneficial Owner</u> <u>(1)(2)</u>	Amounts and Nature of <u>Beneficial Ownership (3)</u>	<u>Percent of Class</u>
Leonard A. Rosenbaum	821,870 (4)	13.0%
Martin J. Teitelbaum	79,046 (5)	1.2
Conrad J. Gunther	59,188 (6)	*
Kelly S. Walters	9,000 (7)	*
Lawrence J. Waldman	900 (8)	*
Raymond A. Nielsen	900 (9)	*
Glen R. Charles	17,685 (10)	*
Steven Aragon	44,895 (11)	*
Karlheinz Strobl	115,230 (12)	1.8
William S. Linss	11,819 (13)	*
Kevin R. Collins	66,814 (14)	1.1
Directors and executive officers and executive employees as a group (eleven persons)	1,227,347	19.4%

*Less than 1% of the outstanding common stock or less than 1% of the voting power.

(1) The address of Messrs. Rosenbaum, Teitelbaum, Gunther, Walters, Waldman, Nielsen, Charles, Aragon, Strobl and Linss is c/o CVD Equipment Corporation, 355 South Technology Drive, Central Islip, NY 11722

(2) The address of Mr. Collins is c/o Stainless Design Concepts, 1117 Old Kings Highway, Saugerties, NY 12477

(3) All of such shares are owned directly with sole voting and investment power, unless otherwise noted below

(4) Includes options to purchase 24,000 shares of common stock. Does not include 4,347 shares of unvested restricted stock units.

(5) Includes 2,000 shares held by Mr. Teitelbaum's wife as to which Mr. Teitelbaum disclaims beneficial ownership and options to purchase 6,710 shares of common stock. Does not include 3,261 shares of unvested restricted stock units.

(6) Includes options to purchase 18,110 shares of common stock.

(7) Includes options to purchase 2,800 shares of common stock.

(8) Includes 900 shares of restricted common stock that vests on the earlier of December 31, 2016 or the date of the 2016 annual meeting of shareholders.

(9) Includes 900 shares of restricted common stock that vests on the earlier of December 31, 2016 or the date of the 2016 annual meeting of shareholders.

(10) Does not include 10,072 shares of unvested restricted common stock units.

(11) Includes options to purchase 40,000 shares of common stock. Includes a stock grant equivalent to \$25,000 based on the closing price per share of \$8.67 on October 5, 2016. Does not include 3,261 shares of unvested restricted common stock units.

(12) Does not include 8,835 shares of unvested restricted common stock units.

(11) Does not include 16,150 shares of unvested restricted common stock units.

(12) Does not include 10,723 shares of unvested restricted common stock units.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid to our chief executive officer, chief financial officer, chief operating officer and one other highly compensated officers, our “named executive officers,” for the years ended December 31, 2015 and 2014. The Company has no executive officers other than the “named executive officers.”

<u>Name and Principal Position</u>	Year	Salary(\$)	Bonus (\$)	Option Awards (1)	Stock Awards (1)	All Other Compensation	Total (\$)
Leonard A. Rosenbaum President and Chief Executive Officer	2015	302,742	--	--	--	--	302,742
	2014	302,742	--	--	--	--	302,742
Glen R. Charles Secretary and Chief Financial Officer	2015	163,942	--	--	--	--	163,942
	2014	163,942	--	--	166,383	--	330,325

Steven Aragon	2015	181,731	--	--	25,000	206,731
Chief Operating Officer	2014	30,288	--	295,800(2)	--	326,088
Martin J. Teitelbaum	2015	261,968	--	--	--	295,233
General Counsel and Assistant Secretary	2014	235,932	--	--	39,800	275,732

Amounts shown do not reflect compensation actually received by the named executive officer. Instead, the amounts shown reflect either the total remaining compensation costs on restricted stock and options awards granted prior to fiscal 2014 that have not previously been shown, as determined pursuant to ASC 718 or the compensation costs on restricted stock and options granted in fiscal 2014 and 2015. The assumptions used to calculate the value of option awards are set forth under Note 11 of the Notes to Consolidated Financial Statements in the Company's (1) Form 10-K for the year ended December 31, 2015. This column represents the grant date fair value of the awards as calculated in accordance with FASB ASC 718 (Stock Compensation). Pursuant to SEC rule changes effective February 28, 2010, we are required to reflect the total grant date fair values of the option grants in the year of grant, rather than the portion of this amount that was recognized for financial statement reporting purposes in a given fiscal year which was required under the prior SEC rules, resulting in a change to the amounts reported in prior Annual Reports

The amount shown is attributable to non-qualified stock options to purchase 100,000 shares of the Company's (2) common stock granted to Mr. Aragon on October 20, 2014 that became exercisable, as to 20.0% of the underlying shares on October 10, 2015. These options were issued at a grant price equal to the then current market price of \$11.17. These options expire on October 10, 2024.

Outstanding Equity Awards at Year-End

The following table sets forth the outstanding equity awards held by our named executive officers as of December 31, 2015.

Name	OPTION AWARDS				STOCK AWARDS			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that Have not Vested (\$)	Number of Awards or shares or units that have not vested	Equity Plan Incentive Awards: Market or payout value of unearned shares or units that have not vested
Leonard A. Rosenbaum, President and Chief Executive Officer	24,000	---	3.65	12/12/2017	---	---		