

CVD EQUIPMENT CORP
Form DEF 14A
August 09, 2010

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:

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- (1) Amount previously paid:
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 - (3) Filing Party:
 - (4) Date Filed:
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CVD EQUIPMENT CORPORATION
1860 Smithtown Ave.
Ronkonkoma, New York 11779

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON SEPTEMBER 15, 2010

Dear Shareholders:

NOTICE IS HEREBY GIVEN, that the 2010 Annual Meeting of Shareholders of CVD Equipment Corporation (the "Company") will be held at 10:00 A.M., Eastern Daylight Savings Time on September 15, 2010 at the Company's Application Laboratory located at 979 Marconi Avenue, Ronkonkoma, New York 11779. At the meeting, you will be asked to vote on:

1. The election of six directors to the Board of Directors of the Company to serve until the 2011 Annual Meeting of Shareholders;
2. The ratification of the appointment by the Audit Committee of the Board of Directors of the Company in appointing MSPC as the Company's independent registered public accounting firm for the year ending December 31, 2010; and
3. To transact such other and further business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed August 6, 2010 as the record date for determining Shareholders entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. Only Shareholders of record at the close of business on August 6, 2010 are entitled to notice of, and to vote at, the meeting.

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 SEPTEMBER 15, 2010:

THIS NOTICE OF ANNUAL MEETING, PROXY STATEMENT, PROXY CARD AND REPORT ON FORM 10-K FOR THE PERIOD ENDING DECEMBER 31, 2009 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: August 10, 2010
Ronkonkoma, New York

CVD EQUIPMENT CORPORATION

1860 Smithtown Ave.

Ronkonkoma, New York 11779

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

September 15, 2010

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 2010 Annual Meeting of Shareholders (the “Annual Meeting”) to be held at the Company’s Application Laboratory at 979 Marconi Avenue, Ronkonkoma, New York 11779 at 10:00 A.M., Eastern Daylight Savings Time, on September 15, 2010, 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 August 10, 2010 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 the following up with a second mailing. A return envelope (postage paid if mailed in the United States) is enclosed for that purpose.

Methods of Voting

You may vote by signing and returning the enclosed proxy card 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
1860 Smithtown Avenue,
Ronkonkoma, NY 11779; 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.

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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 or fax. 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" ratifying the appointment of MSPC as the Company's independent public accountants for the year ending December 31, 2010; and (3) in their discretion, on any other business that may properly come before the meeting.

Broker Non-Votes

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee 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.

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 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, 2010 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.

Voting Rights, Shares Outstanding and Votes Per Share

Holders of common stock at the close of business on the record date of August 6, 2010 are entitled to vote at the Annual Meeting.

As of the close of business on August 6, 2010, there were 4,778,325 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

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statement 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, 1860 Smithtown Avenue, Ronkonkoma, NY 11779; telephone: (631) 981-7081. If you want to receive separate copies of the proxy statement or the annual report to Shareholder 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 incumbent directors who are seeking to be elected at the 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. 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, Alan H. Temple, Jr., Martin J. Teitelbaum, Conrad J. Gunther, Bruce T. Swan and Kelly S. Walters 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 SIX 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, Temple, Swan and Walters. 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 required.

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 four meetings during the 2009 fiscal year. All of the directors 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

Conrad J. Gunther served on the Board of Directors of Halo Companies, Inc., a public traded company, formerly known as GVC Venture Corp until September, 2009.

Legal Proceedings Involving Directors

There were no legal proceedings 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.

Risk Management

The Board believes that risk management is an important component of the Company’s corporate strategy. While the Board assesses specific risks at its committee levels, the Board, as a whole, oversees our risk management process, and discusses and reviews with management major policies with respect to risk assessment and risk management. The Board is regularly informed through its interactions with management and committee reports about risks we face in the course of our business including economic, financial, operational, legal and regulatory risks.

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.

Name	Age	Position(s) with the Company
Leonard A. Rosenbaum	64	Chairman of the Board of Directors, Chief Executive Officer and President
Alan H. Temple, Jr.	77	Director and Chairman – Stock Option and Compensation Committee
Martin J. Teitelbaum	60	Director and Assistant Secretary
Conrad J. Gunther	64	Director and Chairman-Audit Committee
Bruce T. Swan	78	Director and Chairman-Nominating, Governance and Compliance Committee
Kelly S. Walters	39	Director
Glen R. Charles	56	Chief Financial Officer, and Secretary
Karlheinz Strobl	50	Vice President of Business Development

Business Experience:

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

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 Directors 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.

Alan H. Temple, Jr.

Alan H. Temple, Jr. has served as a member of our Board of Directors since 1987. Mr. Temple earned an MBA at Harvard University and has been President of Harrison Homes Inc., a building and consulting firm located in Pittsford, New York since 1977. Mr. Temple has been an independent member of our board for several years. We believe Mr. Temple's qualifications to serve on our Board of Directors include his many years of experience in operational management.

Martin J. Teitelbaum

Martin J. Teitelbaum has served as a member of our Board of Directors since 1985. Mr. Teitelbaum is an attorney, who, since 1988, has conducted his own private practice, the Law Offices of Martin J. Teitelbaum. Prior to establishing his own firm, Mr. Teitelbaum was a partner at Guberman and Teitelbaum from 1977 to 1987. 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 has been the Company's general counsel for many years 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. He most recently served on the board of GVC Venture Corp., a public company from June 2004 until it merged with the Halo Companies in September 2009. Since January 2008, Mr. Gunther has been an executive officer of Community National Bank, a Long Island based commercial bank, where he is currently Executive Vice President. Mr. Gunther also continues to serve as the President of E-Billsolutions, Inc., a private company he founded in 2001. E-Billsolutions provides credit card processing to internet, mail order and telephone order merchants. We believe Mr. Gunther's qualifications to serve on our Board of Directors include his experience and expertise in the financial community.

Bruce T. Swan

Bruce T. Swan has served as a member of our Board of Directors since 2003. Mr. Swan has extensive banking, export and international credit experience and has been retired for more than five years. Mr. Swan has held the positions of Deputy Manager at Brown Brothers Harriman and Co., Assistant Treasurer at Standard Brands Incorporated, Assistant Treasurer at Monsanto Corporation, Vice President and Treasurer at AM International Inc. and President and Founder of Export Acceptance Company, LLC. Mr. Swan received his MBA from Harvard University in 1956 and is a former adjunct faculty member of New York University's Stern School of Business Administration from 1986-2001. Mr. Swan is qualified to serve as an independent member of the Board of Directors because of his vast expertise and experience in the financial services industry.

Kelly S. Walters

Kelly S. Walters was appointed a member of the Board of Directors in September, 2009. Mr. Walters is the founder and Managing Principal of The Forefronts Group, a management consulting firm focused on clean technology, chemicals and advanced materials including nanotechnology. He has over 15 years of broad corporate finance and M&A experience having represented alternative energy, clean technology, climate policy, advanced materials,

chemicals and nanotechnology clients. From 2007 until 2009, Mr. Walters was a principal at ThinkEquity Partners and a principal in the firm's Greentech and Enabling Technologies investment banking team. From 2003 until 2007, he was an investment banker with Morgan, Joseph & Co. He began his investment banking career with Lehman Brothers in 2000 in the firm's Global Chemicals and Industrials Group. Mr. Walters earned an MA at The Patterson School of Diplomacy and International Commerce at the University of Kentucky. Mr. Walters also earned an MBA in Finance and a BA in Economics at the University of Kentucky. He is a Chartered Financial Analyst (CFA) charterholder, a Certified Management Accountant (CMA) and a Certified Financial Manager (CFM). Mr. Walters is qualified to serve as an independent member of our board because of his experience in the alternative energy and nanotechnology fields.

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 soft-topped 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 is a Certified Public Accountant and earned his B.S. in Accounting from the State University of New York at Buffalo.

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 over 14 patents and earned an MBA from Boston University, a Ph.D from the University of Innsbruck and an MS. 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.

We believe that the nominees for our Board of Director provide an appropriate mix of experience and skills relevant to the size and nature of our business. As more specifically described in such person's individual biographies set forth above, our directors possess relevant and industry-specific experience and knowledge in the engineering financial and business fields, as the case may be, which we believe enhances the Board's ability to oversee, evaluate and direct our overall corporate strategy.

COMMITTEES OF OUR BOARD OF DIRECTORS

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

Audit Committee. The members of the Audit Committee are Conrad J. Gunther, Alan H. Temple, Jr., Bruce T. Swan and Kelly S. Walters. Our Board of Directors has determined that Messrs. Gunther, Temple, Swan and Walters are "independent" under Rule 10A-3(b) of the Exchange Act and the applicable rules of the NASDAQ Capital Market. The Board of Directors has determined that Mr. Gunther is an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K promulgated under the Exchange Act.

Our Audit Committee recommends our independent accountants for appointment to audit our financial statements and to perform services related to the audit, reviews the scope and results of the audit, reviews with management and the independent accountants our annual and quarterly operating results, considers the adequacy of the internal accounting procedures and controls, considers the effect of such procedures and controls on the accountant's independence and establishes policies for business values, ethics and employee relations. During the fiscal year ended December 31, 2009, the Audit Committee held five meetings. A copy of the Audit Committee Charter, as amended, 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.

Stock Option and Compensation Committee. The Stock Option and Compensation Committee was formed through the merger in 2006 of the Stock Option Committee and the Compensation Committee. The Stock Option and Compensation Committee currently consists of Conrad J. Gunther, Alan H. Temple Jr., Bruce T. Swan and Kelly S. Walters. The Stock Option and 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 Stock Option and Compensation Committee receives recommendations and information from senior management. Annually Mr. Rosenbaum, the Company's President and Chief Executive Officer, reviews with the Stock Option and Compensation Committee the performance of the Company's executive officers and 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 Stock Option and Compensation Committee, management provides the Stock Option and Compensation Committee with recommendations, data and information regarding the compensation of the Company's executive officers and senior management. The Stock Option and 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 Stock Option and Compensation Committee currently qualify as independent under the rules of the NASDAQ Capital Market. During the fiscal year ended December 31, 2009, the Stock Option and Compensation Committee held one meeting. The Stock Option and Compensation Committee did not utilize the services of a compensation consultant during the 2009 fiscal year.

Nominating, Governance and Compliance Committee. The Nominating, Governance and Compliance Committee consists of Bruce T. Swan, Conrad J. Gunther, Alan H. Temple, Jr. and Kelly S. Walters. 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, 2009, the Nominating, Governance and Compliance Committee held one meeting.

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 2011 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, 1860 Smithtown Ave., Ronkonkoma, New York 11779.

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 NYSE Amex Market, 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.

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, 1860 Smithtown Ave., Ronkonkoma, New York 11779. 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 August 6, 2010 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 August 6, 2010.

Name and Address of Beneficial Owner (1)	Amounts and Nature of Beneficial Ownership (2)	Percent of Class
Leonard A. Rosenbaum	1,386,850 (3)	29.0%

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Alan H. Temple, Jr.	217,357 (4)	4.5
Martin J. Teitelbaum	105,357 (5)	2.2
Conrad J. Gunther	79,357 (6)	1.7
Bruce T. Swan	68,357 (7)	1.4
Kelly Walters	7,182 (8)	*
Glen R. Charles	15,000 (9)	*
Karlheinz Strobl	30,021 (10)	*
Directors and executive officers and executive employees as a group (eight persons)	1,909,481	40.0%

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid to our chief executive officer, chief financial officer, and one other highly compensated officer, our “named executive officers,” for the year ended December 31, 2009. The Company has no executive officers other than the “named executive officers.”

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards \$(1)	All Other Compensation	Total (\$)
Leonard A. Rosenbaum, President and Chief Executive Officer	2009	202,742		14,655(2)	-	217,397
	2008	169,001	25,000	41,332(2)	77,000(5)	312,333
	2007	162,742	-	42,099(2)	-	204,041
Glen R. Charles Secretary and Chief Financial Officer	2009	135,000	-	2,531(3)	-	137,531
	2008	147,644	-	5,063(3)	-	152,707
	2007	117,500	-	5,063(3)	-	122,563
Karlheinz Strobl Vice President – Business Development	2009	156,000	-	30,500(4)	-	186,500
	2008	162,000	-	30,500(4)	-	192,500
	2007	28,800	-	-	-	28,800

(1) Amounts shown do not reflect compensation actually received by the named executive officer. Instead, the amounts shown are the compensation costs recognized by us in 2008 for option awards as determined pursuant to FAS 123(R). See additional information regarding the Option Awards under the section of this proxy entitled “Our Stock Option Plans” below. 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.

(2) A portion of the amount shown is attributable to non-qualified stock options to purchase 24,000 shares of the Company’s common stock granted to Mr. Rosenbaum on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. As of October 12, 2009, all of these options were exercisable. These options expire on December 12, 2017. The remaining portion is attributable to non-qualified stock options to purchase 21,000 shares of the Company’s common stock granted to Mr. Rosenbaum on September 13, 2005. As of October 13, 2008, all of these options were exercisable. These options were issued at a grant price equal to the then current market price of \$4.10. These options expire on September 13, 2012.

(3) The amount shown is attributable to non-qualified stock options to purchase 15,000 shares of the Company’s common stock granted to Mr. Charles on June 17, 2005. As of June 17, 2009, all of these options were exercisable. These options were issued at a grant price equal to the then current market price of \$2.26. These options expire on June 16, 2012.

The amount shown is attributable to non-qualified stock options to purchase 100,000 shares of the Company's
(4) common stock granted to Mr. Strobl on October 10, 2007 that became exercisable, as to 25.0% of the underlying shares, on October 7, 2009. These options were issued at a grant price equal to the then current market price of \$4.62. These options expire on October 10, 2017.

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The following table details fiscal 2009 compensation paid to our non-employee directors.

Name	Fees Earned or Paid in Cash	Option Awards (1)	Restricted Stock (2)	Total
Alan H. Temple, Jr.	\$14,000	\$14,655(3)	\$10,005	\$38,660
Martin J. Teitelbaum	\$14,000	14,655(4)	10,005	38,660
Conrad J. Gunther	\$17,000	14,655(5)	10,005	41,660
Bruce T. Swan	\$14,000	14,655(6)	10,005	38,660
Kelly S. Walters	\$3,500	-	2,443	5,943

- (1) Amounts shown do not reflect compensation actually received by the named director. Instead, the amounts shown are the compensation costs recognized by us in 2008 for option awards as determined pursuant to FAS 123(R). These compensation costs reflect option awards granted during and prior to 2008. The assumptions used to calculate the value of option awards are set forth under the section of this proxy entitled "Our Stock Option Plans" below. 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.
- (2) On January 14, 2009 the closing market price of our stock was \$3.45, and 2,900 shares were granted to our non-employee directors, the equivalent of approximately \$10,000 rounded up to the next 100 shares. These shares were issued on January 15, 2003 and vested as to 25% on each of January 15, 2009; April 15, 2009; July 15, 2009 and October 15, 2009.
- (3) A portion of the amount shown is attributable to non-qualified stock options to purchase 24,000 shares of the Company's common stock granted to Mr. Temple on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. As of October 12, 2009, all of these options became exercisable. These options expire on December 12, 2017. The remaining portion is attributable to non-qualified stock options to purchase 21,000 shares of the Company's common stock granted to Mr. Temple on September 13, 2005 that became exercisable in full on October 13, 2008. These options were issued at a grant price equal to the then current market price of \$4.10. These options expire on September 13, 2012.
- (4) A portion of the amount shown is attributable to non-qualified stock options to purchase 24,000 shares of the Company's common stock granted to Mr. Teitelbaum on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. As of October 12, 2009, all of these options became exercisable. These options expire on December 12, 2017. The remaining portion is attributable to non-qualified stock options to purchase 21,000 shares of the Company's common stock granted to Mr. Teitelbaum on September 13, 2005 that became exercisable in full on October 13, 2008. These options were issued at a grant price equal to the then current market price of \$4.10. These options expire on September 13, 2012.
- (5) A portion of the amount shown is attributable to non-qualified stock options to purchase 24,000 shares of the Company's common stock granted to Mr. Gunther on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. As of October 12, 2009, all of these options became exercisable. These options expire on December 12, 2017. The remaining portion is attributable to non-qualified stock options to purchase 21,000 shares of the Company's common stock granted to Mr. Gunther on September 13, 2005 that became exercisable in full on October 13, 2008. These options were issued at a grant price equal to the then current market price of \$4.10. These options expire on September 13, 2012.
- (6) A portion of the amount shown is attributable to non-qualified stock options to purchase 24,000 shares of the Company's common stock granted to Mr. Swan on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. As of October 12, 2009, all of these options became exercisable. These options expire on December 12, 2017. The remaining portion is attributable to non-qualified stock options to purchase 21,000 shares of the Company's common stock granted to Mr. Swan on September 13, 2005 that became exercisable in full on October 13, 2008. These options were issued at a grant price equal to the then current market price of \$4.10. These options expire on September 13, 2012.

EQUITY COMPENSATION PLANS

The following table provides information about shares of our common stock that may be issued upon the exercise of options or the grant of restricted stock under all of our existing compensation plans as of December 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights (2)	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	416,000	\$ 3.50	836,925
Total	416,000	\$ 3.50	836,925

(1) Reflects aggregate options and restricted stock awards outstanding under our 1989 Key Employee Stock Option Plan, 2001 Stock Option Plan, Stock Option Plans and 2007 Share Incentive Plan (all as defined below).

(2) Calculation is exclusive of the value of any unvested restricted stock awards.

Our Stock Option Plans

The Company maintains two stock option plans and one share incentive plan.

1989 “Key Employee” Stock Option Plan. On June 15, 1989, we instituted the 1989 “Key Employee” Stock Option Plan, a non-qualified stock option plan (the “1989 Plan”). In connection therewith, 700,000 shares of the Company’s common stock are reserved for issuance pursuant to options that may be granted under the 1989 Plan through June 30, 2009. The purchase price of the common stock under each option granted under the 1989 Plan shall be no lower than the average bid price per share, calculated on a monthly basis, that the common stock (as reported by the NASDAQ Capital Market) traded during the calendar year immediately preceding the year in which the option is granted. At present, there are options to purchase 231,250 shares outstanding under the 1989 Plan. No further grants may be made under the 1989 Plan.

2001 Stock Option Plan. In November 2006, we registered a non-qualified stock option plan (the “2001 Plan”). Shareholders approved the 2001 Plan in July 2001, covering key employees, officers, directors and other persons that may be considered as service providers to the Company. Options may be awarded under the 2001 Plan by the Board of Directors or by a committee appointed by the Board of Directors. Under the 2001 Plan, an aggregate of 300,000 shares of our common stock are reserved for issuance or transfer upon the exercise of options which are granted. Unless otherwise provided in the option agreement, options granted under the 2001 Plan are exercisable in 25% installments commencing one year from the anniversary date of the grant. The purchase price of the common stock under each option granted under the 2001 Plan is established by the Board of Directors provided, that the exercise price per share shall not be less than the closing price of the Company’s common stock on the date the option

is granted. The stock options generally expire five years after the date of grant. The 2001 Plan shall terminate on July 22, 2011. As of August 1, 2010, there were options to purchase 211,300 shares outstanding under the 2001 Plan, leaving 88,700 options remaining to be granted.

The Company maintains bank accounts and deposits cash in a CDARS investment vehicle through Community National Bank. Conrad Gunther, a director of the Company, is a Senior Vice President and Senior Loan Officer at Community National Bank. Through the CDARS investment vehicle, the Company can place funds in excess of \$100,000 with Community National Bank. Community National Bank then places these funds into CDs issued by other banks in the same CDARS network in increments of less than \$100,000 so all of the funds on are eligible for FDIC protection. The Company does not pay any fees to Mr. Gunther or Community National Bank in connection with this investment vehicle. Community National Bank does collect a portion of the interest paid by the other participating banks in connection with the CDs issued.

The Audit Committee Report that follows shall not be deemed to be incorporated by reference into any filing made by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, notwithstanding any general statement contained in any such filing incorporating this proxy statement by reference, except to the extent the Company incorporates such Report by specific reference.

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DECEMBER 31, 2009, INCLUDING THE FINANCIAL STATEMENTS AND SCHEDULES FILED THEREWITH. WRITTEN REQUESTS FOR SUCH REPORTS SHOULD BE ADDRESSED TO THE OFFICE OF THE SECRETARY, CVD EQUIPMENT CORPORATION, 1860 SMITHTOWN AVENUE, RONKONKOMA, NEW YORK 11779. THE COMPANY'S TELEPHONE NUMBER AT SUCH OFFICE IS (631) 981-7081.

WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY AT YOUR EARLIEST CONVENIENCE.

By Order of the Board of Directors

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CVD EQUIPMENT CORPORATION

Annual Meeting of Shareholders
September 15, 2010

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned Shareholder of CVD Equipment Corporation (the "Company") hereby revokes all previous proxies and constitutes and appoints Leonard A. Rosenbaum and Glen R. Charles, and each of them, his true and lawful attorneys and proxies, with full power of substitution in and for each of them, to vote all of the shares of common stock of the Company which the undersigned held of record and is entitled to vote at the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the Company's Application Laboratory located at 979 Marconi Avenue, Ronkonkoma, New York 11779 at 10:00 A.M., Eastern Daylight Savings Time, on September 15, 2010 or at any postponement or adjournment thereof, on any and all of the proposals contained in the Notice of Annual Meeting of Shareholders and accompanying proxy statement (the "Proxy Statement"), with all the powers the undersigned would possess if present personally at said meeting, or at any postponement thereof.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD SEPTEMBER 15, 2010:

THE PROXY STATEMENT IS AVAILABLE AT www.cvdequipment.com. CLICK ON THE BUTTON www.cvdproxy.com

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" ALL PROPOSALS.

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)

Please Detach and Mail in the Envelope Provided

[X] Please mark your votes
as in this example using
dark ink only.

1. The election of the following nominees to the Company's Board of Directors to serve until the 2011 Annual Meeting of Shareholders: Leonard A. Rosenbaum, Martin J. Teitelbaum, Alan H. Temple, Jr., Conrad J. Gunther, Bruce T. Swan and Kelly S. Walters.

FOR
all nominees
(except as marked
to the contrary below)

WITHHOLD
AUTHORITY
to vote for all
nominees listed above

FOR ALL EXCEPT []

Leonard A. Rosenbaum []

Martin J. Teitelbaum []

Alan H. Temple, Jr. []
Conrad J. Gunther []
Bruce T. Swan []
Kelly S. Walters []

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and check the box next to each nominee you wish to withhold authority.

2. The ratification of the appointment of MSPC as the Company’s independent public accountants for the year ending December 31, 2010.

FOR [] AGAINST [] ABSTAIN []

3. In their discretion, the proxyholders are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof, all as set out in the Notice and Proxy Statement relating to the Annual Meeting, receipt of which are hereby acknowledged.

Please sign exactly as your name appears and return this proxy card immediately in the enclosed stamped self-addressed envelope.

Signature(s) _____
Dated: _____

Signature _____

NOTE: Please mark, date and sign exactly as name(s) appear on this proxy and return the proxy card promptly using the enclosed envelope. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. Executors, administrators, attorneys, trustees, or guardians should state full title or capacity. Joint owners should each sign. If signer is a partnership, please sign in partnership name by authorized person.

