

CVD EQUIPMENT CORP  
Form DEF 14A  
October 14, 2008

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:

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(1) Amount previously paid:

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

(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 NOVEMBER 19, 2008**

Dear Shareholders:

NOTICE IS HEREBY GIVEN, that the 2008 Annual Meeting of Shareholders of CVD Equipment Corporation (the "Company") will be held at 10:00 A.M., Eastern Standard Time on November 19, 2008 at the Company's headquarters located at 1860 Smithtown Avenue, Ronkonkoma, New York 11779. At the meeting, you will be asked to vote on:

1. The election of five directors to the Board of Directors of the Company to serve until the 2009 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, 2008; 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 October 8, 2008 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 October 8, 2008 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.

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

By Order of the Board of Directors,

s/ Leonard A. Rosenbaum

Leonard A. Rosenbaum

Chairman, President and Chief Executive Officer

Dated: October 15, 2008

Ronkonkoma, New York

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**CVD EQUIPMENT CORPORATION**

**1860 Smithtown Avenue**

**Ronkonkoma, New York 11779**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**November 19, 2008**

**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 2008 Annual Meeting of Shareholders (the "Annual Meeting") to be held at the Company's headquarters at 1860 Smithtown Avenue, Ronkonkoma, New York 11779 at 10:00 A.M. Eastern Standard Time, on November 19, 2008, 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 October 15, 2008 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.

## **Proxy Solicitation**

The enclosed proxy card is being solicited on behalf of the Board of Directors. 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, 2008; 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, 2008 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 October 8, 2008 are entitled to vote at the Annual Meeting.

As of the close of business on October 8, 2008, there were 4,749,500 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.



**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 five 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 following persons 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 and Bruce T. Swan** 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 Board of Directors consists of five directors, three 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 and Swan. 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 eleven meetings during the 2007 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 five members of the Board of Directors attended the meeting.

**INFORMATION REGARDING EXECUTIVE OFFICERS AND DIRECTORS**

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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 | 62         | Chairman of the Board of Directors, Chief Executive Officer and President |
| Alan H. Temple, Jr.  | 75         | Director and Chairman – Stock Option and Compensation Committee           |

| <u>Name</u>          | <u>Age</u> | <u>Position(s) with the Company</u>                                   |
|----------------------|------------|---|
| Martin J. Teitelbaum | 58         | Director and Assistant Secretary                                      |
| Conrad J. Gunther    | 62         | Director and Chairman-Audit Committee                                 |
| Bruce T. Swan        | 76         | Director and Chairman-Nominating, Governance and Compliance Committee |
| Glen R. Charles      | 54         | Chief Financial Officer, and Secretary                                |

**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 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.

**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.

**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.

**Conrad J. Gunther**

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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 also has extensive experience in executive management in the banking industry. He also serves on the board of directors of GVC Venture Corp., a public company (since 2004). Since January 2008, Mr. Gunther has served as a Senior Vice President and Senior Loan Officer for Community National Bank, a Long Island based commercial bank, where he is responsible for all commercial lending. Mr. Gunther also continues to serve as the President of E-Billsolutions, Inc., a position he has held since 2001. E-Billsolutions provides credit card processing to internet, mail order and telephone order merchants.

### **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

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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.

### **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 sofabed 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.

### **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. and Bruce T. Swan. Our Board of Directors has determined that Messrs. Gunther, Temple and Swan 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, 2007, 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](http://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. and Bruce T. Swan. 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



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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, 2007, the Stock Option and Compensation Committee held one meeting.

*Nominating, Governance and Compliance Committee.* The Nominating, Governance and Compliance Committee consists of Bruce T. Swan, Conrad J. Gunther and Alan H. Temple, Jr. 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, 2007, 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. For all potential candidates, 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. 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 2009 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.

A copy of the Nominating, Governance and Compliance Committee Charter is available on the Company's website at [www.cvdequipment.com](http://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](http://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.





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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of September 30, 2008 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 September 30, 2008.

| <u>Name and Address of Beneficial Owner (1)</u>                                   | <u>Amounts and Nature of Beneficial Ownership (2)</u> | <u>Percent of Class</u> |
|---|---|-------------------------|
| Leonard A. Rosenbaum  | 1,378,850 (3)   | 29.0%                   |
| Alan H. Temple, Jr.   | 201,000 (4)   | 4.2                     |
| Martin J. Teitelbaum  | 88,000 (5)  | 1.9                     |
| Conrad J. Gunther   | 62,000 (6)  | 1.3                     |
| Bruce T. Swan   | 51,000 (7)  | 1.1                     |
| Glen R. Charles   | 11,250 (8)  | *                       |
| Directors and executive officers and executive employees as a group (six persons) | 1,792,100   | 37.7                    |

| <u>Name and Address of Beneficial Owner (1)</u> | <u>Amounts and Nature of Beneficial Ownership (2)</u> | <u>Percent of Class</u> |
|---|---|-------------------------|
| Michael A. Roth                                 | 400,000 (9)   | 8.4                     |
| Brian J. Stark                                  | 400,000 (9)   | 8.4                     |
| Robert E. Kern Jr.                              | 250,000 (10)  | 5.3                     |
| David G. Kern                                   | 250,000 (10)  | 5.3                     |
| Five (5) percent owners as a group              |   | 2,028,850               |

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

(1) The address of Messrs. Rosenbaum, Temple, Teitelbaum, Gunther, Swan and Charles is c/o CVD Equipment Corporation, 1860 Smithtown Avenue, Ronkonkoma, New York 11779. The address of Messrs. Roth and Stark is 3600 South Lake Drive, St. Francis, Wisconsin 53235. The address of Messrs. Kern Jr. and Kern is 114 West 47<sup>th</sup> Street, New York, NY 10036.

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

(3) Includes options to purchase 37,000 shares of common stock. Does not include options to purchase 8,000 shares of common stock.

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- (4) Includes options to purchase 40,500 shares of common stock. Does not include options to purchase 8,000 shares of common stock.
- (5) Includes 2,000 shares held by Mr. Teitelbaum's wife as to which Mr. Teitelbaum disclaims beneficial ownership and options to purchase 52,000 shares of common stock. Does not include options to purchase 8,000 shares of common stock.

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- (6) Includes options to purchase 52,000 shares of common stock. Does not include options to purchase 8,000 shares of common stock.
- (7) Includes options to purchase 37,000 shares of common stock. Does not include options to purchase 8,000 shares of common stock.
- (8) Includes options to purchase 11,250 shares of common stock. Does not include options to purchase 3,750 shares of common stock.
- (9) Mr. Roth and Mr. Stark share voting and investment power over and beneficially own a total of 400,000 shares of common stock. Mr. Roth and Mr. Stark are the managing members of Stark Offshore Management LLC, which acts as investment manager and has sole power to direct the management of Stark Master Fund Ltd. which directly owns 400,000 shares of common stock. The address of Stark Master Fund Ltd. is 3600 South Lake Drive, St. Francis, Wisconsin 53235.
- (10) R. Kern and D. Kern as controlling members of Kern Capital Management (“KCM”) may be deemed the beneficial owners of the securities of the company owned by KCM in that they might be deemed to share the power to direct the voting or disposition of the securities. R. Kern and D. Kern are the Managing Members of Innovation, which serves as the General Partner of Redpoint, and may be deemed the beneficial owner of securities of the company owned by Redpoint.

### EXECUTIVE COMPENSATION

#### Summary Compensation Table

The following table sets forth the compensation paid to our chief executive officer and chief financial officer, our “named executive officers,” for the year ended December 31, 2007. The Company has no executive officers other than the “named executive officers.”

| <b><u>Name and<br/>Principal position</u></b>                            | <b><u>Year</u></b> | <b><u>Salary</u></b> | <b><u>Option<br/>Awards(1)</u></b> | <b><u>All Other<br/>Compensation (\$)</u></b> | <b><u>Total (\$)</u></b> |
|--|--------------------|----------------------|------------------------------------|---|--------------------------|
| Leonard A. Rosenbaum<br><i>President and Chief<br/>Executive Officer</i> | 2007               | \$162,742            | \$42,099 (2)                       | --  | \$204,041                |
| Glen R. Charles<br><i>Secretary and Chief<br/>Financial Officer</i>      | 2007               | 117,500              | 5,063 (3)                          | --  | 122,563                  |

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(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 2007 and 2006 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.

(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. These options became exercisable as to 33.3% of the underlying shares, on December 12, 2007. With respect to the remaining 16,000 underlying shares, the options become exercisable on a quarterly basis, with options to purchase 2,000 shares exercisable every 3 months beginning January 12, 2008. 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

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to Mr. Rosenbaum on September 13, 2005 that became exercisable, as to 66.7% of the underlying shares, on October 13, 2007. 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 that became exercisable, as to 50% of the underlying shares, on June 17, 2007. 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.

### 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, 2007.

| Name  | Option Awards  |  | Option<br>Exercise Price<br>(\$) | Option<br>Expiration<br>Date |
|---|--|--|----------------------------------|------------------------------|
|   | Number of<br>Securities Underlying<br>Unexercised Options<br>(#) Exercisable | Number of<br>Securities Underlying<br>Unexercised Options<br>(#) Unexercisable |                                  |                              |
| Leonard A. Rosenbaum,<br>President and Chief<br>Executive Officer | 15,000   | --   | 1.40                             | 9/23/2010                    |
|   | 14,000   | 7,000  | 4.10                             | 9/13/2012                    |
|   | 8,000  | 16,000   | 3.65                             | 12/12/2017                   |
| Glen R. Charles, Chief<br>Financial Officer and<br>Secretary      | 7,500  | 7,500  | 2.26                             | 6/16/2012                    |

### Director Compensation

Our non-employee directors are not regularly compensated for being on the Board of Directors. Directors who are employees of the Company are not separately compensated for serving as directors. However, the Stock Option and Compensation Committee which is comprised of all of our independent directors has the authority to grant stock options to members from time to time. On December 12, 2007 the Stock Option and Compensation Committee granted non-qualified stock options to purchase 24,000 shares of the Company's common stock to each member of the Board of Directors. These options were issued at a grant price equal to the then current market price of \$3.65. These options became exercisable as to 33.3% of the underlying shares, on December 12, 2007. With respect to the remaining 16,000 underlying shares, the options become exercisable on a quarterly basis, with options to purchase 2,000 shares exercisable every 3 months beginning January 12, 2008. These options expire on December 12, 2017.

The following table details fiscal 2007 compensation paid to our non-employee directors.

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| <u>Name</u>          | Option        |              |
|----------------------|---------------|--------------|
|                      | <u>Awards</u> | <u>Total</u> |
| Alan H. Temple, Jr.  | \$42,099 (2)  | \$42,099     |
| Martin J. Teitelbaum | 42,099 (3)    | 42,099       |
| Conrad J. Gunther    | 42,099 (4)    | 42,099       |
| Bruce T. Swan        | 42,099 (5)    | 42,099       |

(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 2007 for option awards as determined pursuant

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to FAS 123(R). These compensation costs reflect option awards granted during and prior to 2007. 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.

(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. Temple on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. These options became exercisable as to 33.3% of the underlying shares, on December 12, 2007. With respect to the remaining 16,000 underlying shares, the options become exercisable on a quarterly basis, with options to purchase 2,000 shares exercisable every 3 months beginning January 12, 2008. 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, as to 66.7% of the underlying shares, on October 13, 2007. 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) 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. These options became exercisable as to 33.3% of the underlying shares, on December 12, 2007. With respect to the remaining 16,000 underlying shares, the options become exercisable on a quarterly basis, with options to purchase 2,000 shares exercisable every 3 months beginning January 12, 2008. 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, as to 66.7% of the underlying shares, on October 13, 2007. 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. Gunther on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. These options became exercisable as to 33.3% of the underlying shares, on December 12, 2007. With respect to the remaining 16,000 underlying shares, the options become exercisable on a quarterly basis, with options to purchase 2,000 shares exercisable every 3 months beginning January 12, 2008. 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, as to 66.7% of the underlying shares, on October 13, 2007. 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. Swan on December 12, 2007. These options were issued at a grant price equal to the then current market price of \$3.65. These options became exercisable as to 33.3% of the underlying shares, on December 12, 2007. With respect to the remaining 16,000 underlying shares, the options become exercisable on a quarterly basis, with options to purchase 2,000 shares exercisable every 3 months beginning January 12, 2008. 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, as to 66.7% of the underlying shares, on October 13, 2007. 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, 2007.

| <b>Plan Category</b>                                       | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights (2)</b> | <b>Number of securities remaining available for future issuance</b> |
|--|--|--|---|
| Equity compensation plans approved by security holders     | 465,000  | \$ 3.09  | 865,250   |
| Equity compensation plans not approved by security holders | 0  | 0  | 0   |
| <b>Total</b>   | 465,000  | \$3.09   | 865,250   |

(1) Reflects aggregate options and restricted stock awards outstanding under our 1989 Plan, 2001 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

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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. On June 3, 1996, the Company issued 84,000 options which expired ten years from the date of grant. None of these options were exercisable until June 3, 1999. The option price was less than the fair market value per share on the date the 1996 options were granted. On April 15, 1998, 140,000 options were granted to employees under the 1989 Plan. Options granted in 1998 vested straight-line over a four-year period following the date of grant and expired five years after the date of grant. On July 16, 1999, 52,500 options were granted to employees under this Plan. Options granted in 1999 vested incrementally over four-year periods following the date of grant and expire seven years after the date of grant. On February 2, 2000, 242,000 options were granted to employees under the 1989 Plan. On May 7, 2000 and August 8, 2000, a total of 80,000 options were granted to employees. On October 26, 2000, 3,500 options were granted to employees. All options granted in 2000 vested over a four-year period. All options granted in 2000 expired seven years after the date of grant. The option price for options granted in 1999 and 2000 not less than the fair market value per share on the date the options were granted. On April 1, 2003, the Company granted 12,500 options to employees under the 1989

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Plan which expired April 1, 2008, and on September 23, 2003, granted 75,000 options to members of the Board of Directors which expire on September 23, 2010. On June 17, 2005 and August 4, 2005, 56,500 and 15,000 options respectively, were granted to employees under the 1989 Plan, which expire on June 16, 2012 and August 3, 2012, respectively. All of these options vest equally over a four-year period. On September 13, 2005, 105,000 options were granted to members of the Board of Directors which vest over three years and expire on September 12, 2012. On June 22, 2006, 10,000 options, which vest equally over a four-year period, were granted to an employee which expire on June 21, 2013. On February 22, 2007, 10,000 options which vest equally over a four-year period were granted to an employee which expire on February 22, 2014. On October 10, 2007, 100,000 options, of which 35,250 were applicable to the 1989 Plan, were granted to an employee. These options vest as to 12,500 per year at the end of each of the first two years and 10,250 at the end of the third year. These options expire on October 10, 2017.

*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 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. On October 10, 2007, 100,000 options, of which 64,750 were applicable to the 2001 Plan, were granted to an employee. These options vest as to 2,250 at October 10, 2010 and then 12,500 equally over a five-year period and expire on October 10, 2017. On December 12, 2007 120,000 options were granted to members of the Board of Directors which vest over two years and expire on December 12, 2017.

*2007 Share Incentive Plan.* In August 2008, we registered the 2007 Share Incentive Plan (the “2007 Plan”). Shareholders approved the 2007 Plan in December 2007, covering key employees, officers, outside directors or third party consultants to the Company or any of its affiliates. The 2007 Plan authorizes the grant and issuance of two different types of Awards: Options (“Stock Options”), which can qualify as “incentive stock options” under the Internal Revenue Code (the “Code”), or as “non-qualified stock options”, and Restricted Stock, which is stock that is contingent on an employee satisfying conditions, including without limitation continued employment, passage of time or satisfaction of performance criteria. Options may be awarded by the Stock Option and Compensation Committee, although the Board of Directors may exercise any authority of the Committee under the 2007 Plan in lieu of the Committee’s exercise thereof. Under the 2007 Plan, an aggregate of 750,000 shares of our common stock are reserved for issuance or transfer upon the granting of Restricted Stock or upon the exercise of options which are granted. 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. There were no shares granted as of December 31, 2007.

### **CHANGE IN CONTROL OR OTHER ARRANGEMENTS**

Except for the foregoing, there are no other arrangements for compensation of directors and there are no employment contracts between the Company and its directors or any change in control arrangements.

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s executive officers, directors and persons who own more than ten percent of a registered class of the equity securities of the Company (“Reporting Persons”) to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the



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Securities and Exchange Commission. In addition, Reporting Persons are required to furnish the Company with copies of all Forms 3, 4 and 5 they file. Based solely on the Company's review of (a) the copies of such reports and amendments thereto furnished to the Company by the Reporting Persons and (b) written representations from the Reporting Persons that no other reports were required, during the Company's fiscal year ended December 31, 2007, all of the filings for such Reporting Persons were made on a timely basis.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Martin J. Teitelbaum serves as a director and our outside general counsel. The Company incurred legal fees for Mr. Teitelbaum's professional services of approximately \$133,000 and \$34,000 for the years ended December 31, 2007 and 2006, respectively. As of December 31, 2007 and 2006, unpaid legal fees of approximately \$116,000 and \$43,000 respectively were due Mr. Teitelbaum for services rendered.

Charles Temple, son of Alan H. Temple, Jr. our director, is a non-officer employee of the Company. The Company paid Charles Temple approximately \$94,359 in salary during the fiscal year ended December 31, 2007. In addition, Charles Temple received a benefit of approximately \$47,320 relating to stock options exercised during the fiscal year ended December 31, 2007.

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.

### **PROPOSAL 2: RATIFICATION OF INDEPENDENT REGISTERED ACCOUNTING FIRM**

The Audit Committee has appointed MSPC (formerly Moore Stephens P.C.) as the Company's independent public accountants for the fiscal year ending December 31, 2008. The submission of the appointment of MSPC is not required by law or by the Company's Bylaws. The Board of Directors is nevertheless submitting it to the Shareholders to ascertain their views. If the Shareholders do not ratify the appointment, the selection of other independent public accountants will be considered by the Audit Committee. If MSPC shall decline to accept or become incapable of accepting its appointment, or if its appointment is otherwise discontinued, the Audit Committee will appoint other independent public accountants. MSPC has served as the Company's independent public accountants since 2005. The Board of Directors expects that a representative of MSPC will be present at the Annual Meeting to respond to appropriate questions from Shareholders, and the Board of Directors will provide this representative with an opportunity to make a statement if he or she desires to do so.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THIS PROPOSAL 2 TO APPROVE THE SELECTION OF MSPC AS THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2008.**

### **Audit and Non-Audit Fees**

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The following table sets forth the fees billed to us by MSPC during the years ended December 31, 2007 and 2006 for: (i) the annual audit of the Company, unaudited quarterly reviews of financial statements including the Company's reports on Form 10-Q and services by MSPC normally provided by them in connection with statutory and regulatory filings, including the Company's registration statement related to our 2007 public

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offering, for fiscal years 2007 and 2006, (ii) services by MSPC that are not reasonably related to the performance of the audit or review of our financial statements and that are not reported as audit fees, (iii) services rendered in connection with tax compliance, tax advice and tax planning and (iv) all other fees for services rendered.

|                        | Year Ended<br><u>Dec. 31, 2007</u> | Year Ended<br><u>Dec. 31, 2006</u> |
|------------------------|------------------------------------|------------------------------------|
| Audit Fees             | \$114,328                          | \$76,750                           |
| Audit-Related Fees (1) | -- --                              |                                    |
| Tax Fees               | 8,575 8,500                        |                                    |
| All Other Fees         | <u>3,835</u>                       | --                                 |
| Total Fees             | \$126,738                          | \$85,250                           |

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(1) Accounting and reporting advisory services related to regulatory filings and acquisition activities.

### Pre-Approval Policy

The Company pre-approved all of the above described audit and non-audit services provided by MSPC and has pre-approved similar services to be rendered during fiscal year 2008. The Audit Committee believes the rendering of these services is not incompatible with MSPC maintaining their independence.

### REPORT OF THE AUDIT COMMITTEE

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.

We have reviewed and discussed the audited financial statements for the year ended December 31, 2007 with the Company's management and have discussed with MSPC, the Company's independent public accountants, the matters required to be discussed by Statement on Auditing Standards No. 61, (Codification of Statements on Auditing Standards) as amended. In addition, we have received from MSPC, the written disclosures and the letter required by the Independence Standards Board Standard No. 1, (Independence Discussions with Audit Committees), and have discussed MSPC's independence with them.

Based on these reviews and discussions, we recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

### The Audit Committee

Conrad J. Gunther  
Alan H. Temple, Jr.  
Bruce T. Swan

**DEADLINE FOR SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING**

Shareholder proposals intended to be considered for inclusion in the proxy statement for presentation at the Company's 2009 Annual Meeting of Shareholders must be received in writing at the Company's offices at 1860 Smithtown Avenue, Ronkonkoma, New York 11779, no later than July 3, 2009 for inclusion in the Company's proxy statement and proxy card relating to such meeting. Such proposals must comply with applicable SEC rules and regulations.



In order for any proposal that is not submitted for inclusion in next year's proxy statement (as described in the preceding paragraph) to be presented directly at next year's annual meeting, we must receive notice of the proposal prior to September 15, 2009. If such notice is received, proxies may be voted at the discretion of management if we advise Shareholders in next year's proxy statement about the nature of the matter and how management intends to vote on such matter.

**OTHER MATTERS**

The Board of Directors is not aware of any other matter other than those set forth in this proxy statement that will be presented for action at the Annual Meeting. If other matters properly come before the Annual Meeting, the persons appointed as proxies intend to vote the shares they represent in accordance with their best judgment in the interest of the Company.

**DOCUMENTS INCLUDED WITH THIS PROXY STATEMENT**

WE ARE PROVIDING HEREWITH, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-KSB, WITHOUT EXHIBITS, FOR THE YEAR ENDED DECEMBER 31, 2007, INCLUDING THE FINANCIAL STATEMENTS AND SCHEDULES FILED THEREWITH. IF ANY PERSON RECEIVES THIS PROXY MATERIALS WITHOUT THE FOREGOING DOCUMENTS, THE COMPANY UNDERTAKES TO PROVIDE, WITHOUT CHARGE, UPON A WRITTEN OR ORAL REQUEST OF SUCH PERSON AND BY FIRST CLASS MAIL OR OTHER EQUALLY PROMPT MEANS WITHIN ONE BUSINESS DAY OF RECEIPT OF SUCH REQUEST, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED DECEMBER 31, 2007, 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

**CVD EQUIPMENT CORPORATION**

**Annual Meeting of Shareholders**

**November 19, 2008**

**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 headquarters located at 1860 Smithtown Avenue, Ronkonkoma, New York 11779 at 10:00 A.M., Eastern Standard Time, on November 19, 2008 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.

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

**XPlease 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 2009 Annual Meeting of Shareholders: Leonard A. Rosenbaum, Martin J. Teitelbaum, Alan H. Temple, Jr., Conrad J. Gunther and Bruce T. Swan.

FOR [  ]  
all nominees

(except as marked

to the contrary below)

WITHHOLD [      ]  
AUTHORITY

to vote for all

nominees listed below

FOR ALL EXCEPT [      ]

Leonard A. Rosenbaum [      ]  
Martin J. Teitelbaum [      ]  
Alan H. Temple, Jr. [      ]  
Conrad J. Gunther [      ]  
Bruce T. Swan [      ]

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.

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2. The ratification of the appointment of MSPC as the Company's independent public accountants for the year ending December 31, 2008.

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| FOR                      | AGAINST                  | ABSTAIN                  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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.