

MKS INSTRUMENTS INC
Form DEF 14A
March 28, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

MKS Instruments, Inc.
(Name of Registrant as Specified in its Charter)

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- 3) Filing Party:

4) Date Filed:

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MKS INSTRUMENTS, INC.

2 Tech Drive, Suite 201

Andover, Massachusetts 01810

March 28, 2018

Dear Shareholder:

You are cordially invited to attend the 2018 Annual Meeting of Shareholders of MKS Instruments, Inc. to be held on Wednesday, May 9, 2018 at 10:00 a.m., Eastern Time, at MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, Massachusetts 01810.

The attached notice of Annual Meeting and proxy statement describe the business to be transacted at the Annual Meeting and provide additional information about us that you should know when voting your shares. The principal business at the Annual Meeting will be (i) the election of two Class I Directors, each for a three-year term, (ii) the approval, on an advisory basis, of executive compensation and (iii) the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018.

Whether or not you plan to attend the Annual Meeting, please carefully review the attached proxy materials and take the time to cast your vote. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously voted, in which case your proxy vote will be revoked.

On behalf of MKS, I would like to express our appreciation for your continued interest in our Company.

Sincerely,

GERALD G. COLELLA

Chief Executive Officer and President

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MKS INSTRUMENTS, INC.

2 Tech Drive, Suite 201

Andover, Massachusetts 01810

NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 9, 2018

To our Shareholders:

The 2018 Annual Meeting of Shareholders of MKS INSTRUMENTS, INC., a Massachusetts corporation, will be held on Wednesday, May 9, 2018 at 10:00 a.m., Eastern Time, at MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, Massachusetts 01810 for the following purposes:

1. The election of two Class I Directors, each for a three-year term;
2. The approval, on an advisory basis, of executive compensation; and
3. The ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018.

The shareholders will also act on any other business as may properly come before the meeting.

Instead of mailing a paper copy of our proxy materials to all of our shareholders, this year we are providing access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission's notice and access rules. As a result, we are mailing to our shareholders a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice, instead of a paper copy of this proxy statement and our Annual Report for the fiscal year ended December 31, 2017, which we refer to as the 2017 Annual Report. We are mailing the Notice on or about March 28, 2018, and it contains instructions on how to access the proxy materials over the Internet. The Notice also contains instructions on how each of our shareholders can receive a paper copy of our proxy materials, including this proxy statement, our 2017 Annual Report, and a form of proxy card or voting instruction card. All shareholders who do not receive the Notice, including shareholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. We have chosen to employ this distribution process to conserve natural resources and reduce

the costs of printing and distributing our proxy materials.

The Board of Directors has fixed the close of business on March 7, 2018 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. Your vote is important no matter how many shares you own. Whether you expect to attend the meeting or not, please vote your shares by using the Internet as described in the instructions included on your Notice, by calling the toll-free telephone number, or, if you received a paper copy of the proxy materials, by completing, signing, dating and returning your proxy card or voting instruction form. Your prompt response is necessary to ensure that your shares are represented at the meeting. You can change your vote and revoke your proxy any time before the polls close at the meeting by following the procedures described in the accompanying proxy statement.

If you would like to attend the Annual Meeting and your shares are held by a broker, bank or other nominee, you must bring to the Annual Meeting a letter from the nominee confirming your beneficial ownership of such shares. In order to vote your shares at the Annual Meeting, you must obtain from the nominee a proxy issued in your name. You must also bring a form of personal identification.

By Order of the Board of Directors,

RICHARD S. CHUTE

Secretary

Andover, Massachusetts

March 28, 2018

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MKS INSTRUMENTS, INC.

2 Tech Drive, Suite 201

Andover, Massachusetts 01810

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of MKS Instruments, Inc., a Massachusetts corporation, for use at the 2018 Annual Meeting of Shareholders to be held on May 9, 2018 at 10:00 a.m., Eastern Time, at MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, Massachusetts 01810, and at any adjournment or postponement thereof, which we refer to as the Annual Meeting. References in this proxy statement to we, us, the Company or MKS refer to MKS Instruments, Inc. and its consolidated subsidiaries.

All proxies will be voted in accordance with the applicable shareholder's instructions. If no choice is specified in the proxy, the shares will be voted in favor of the matters set forth in the accompanying Notice of 2018 Annual Meeting of Shareholders. Any proxy may be revoked by a shareholder at any time before its exercise by delivery of written revocation to the Secretary of MKS. Attendance at the Annual Meeting will not in itself be deemed to revoke a proxy unless the shareholder gives affirmative notice at the Annual Meeting that the shareholder intends to revoke the proxy and vote in person.

Instead of mailing a paper copy of our proxy materials to all of our shareholders, this year we are providing access to our proxy materials over the Internet under the notice and access rules of the U.S. Securities and Exchange Commission, which we refer to as the SEC. As a result, we are mailing to our shareholders a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice, instead of a paper copy of this proxy statement and our Annual Report for the fiscal year ended December 31, 2017, which we refer to as the 2017 Annual Report. We are mailing the Notice on or about March 28, 2018, and it contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how each of our shareholders can receive a paper copy of our proxy materials, including this proxy statement, our 2017 Annual Report, and a form of proxy card or voting instruction card. All shareholders who do not receive the Notice, including shareholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2018

This proxy statement and the 2017 Annual Report to Shareholders are available for viewing, printing and downloading at <http://investor.mksinst.com/financial-information/annual-reports>.

A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2017 AS FILED WITH THE SEC, EXCLUDING EXHIBITS, WILL BE FURNISHED WITHOUT CHARGE TO ANY SHAREHOLDER UPON WRITTEN REQUEST TO: INVESTOR RELATIONS DEPARTMENT, MKS INSTRUMENTS, INC., 2 TECH DRIVE, SUITE 201, ANDOVER, MA 01810. EXHIBITS WILL BE PROVIDED UPON WRITTEN REQUEST AND PAYMENT OF AN APPROPRIATE PROCESSING FEE.

VOTING OF SECURITIES AND VOTES REQUIRED

At the close of business on March 7, 2018, the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting, there were issued and outstanding and entitled to vote 54,488,757 shares of our common stock, no par value per share, which we refer to as our Common Stock. Each outstanding share entitles the record holder to one vote on each matter submitted at the Annual Meeting.

In order to transact business at the Annual Meeting, we must have a quorum. Under our Amended and Restated By-Laws, the holders of a majority of the shares of Common Stock issued and outstanding and entitled to vote at the Annual Meeting shall constitute a quorum for the transaction of business at the Annual Meeting. Shares of Common Stock held by shareholders present in person or represented by proxy (including broker non-votes and shares that abstain or do not vote with respect to a particular proposal to be voted upon) will be counted for purposes of determining whether a quorum exists at the Annual Meeting. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

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The affirmative vote of the holders of a plurality of the votes cast on the matter is required for the election of directors (Proposal One); provided, however, any director nominee who receives a greater number of withhold votes than affirmative votes, which we refer to as a Majority Withhold Vote, in an uncontested election must offer to tender to the Board of Directors his or her resignation promptly following the certification of election results. The Board of Directors must accept or reject a resignation within 90 days following the certification of election results and publicly disclose its decision. Accordingly, the nominees who receive the highest number of votes of the shares present, in person or by proxy, and entitled to vote shall be elected to the available Class I Director positions, and in the event any nominee receives a Majority Withhold Vote, the resignation policy will apply as summarized here and as set forth in Section B.4 of our Corporate Governance Guidelines which are posted on our website at investor.mksinst.com in the Corporate Governance tab. The advisory vote on executive compensation (Proposal Two) and the ratification of PricewaterhouseCoopers LLP (Proposal Three) require the affirmative vote of the holders of a majority of the votes cast on the matter. Proposal Two is a non-binding proposal.

Shares held by shareholders who abstain from voting as to a particular matter, and broker non-votes, which are shares held in street name by banks, brokers or nominees, who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular non-routine matter, including the election of directors and the advisory vote on executive compensation, will not be counted as votes in favor of, or as votes cast for, a matter. Accordingly, abstentions and broker non-votes will have no effect on the voting on a matter that requires the affirmative vote of a majority of the votes cast on the matter. If the shares you own are held in street name by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides you.

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Our Amended and Restated By-Laws provide for a Board of Directors that is divided into three classes. The term of the Class I Directors expires at the 2018 Annual Meeting, the term of the Class II Directors expires at the 2019 Annual Meeting and the term of the Class III Directors expires at the 2020 Annual Meeting. Our Board of Directors, upon the recommendation of our Nominating and Corporate Governance Committee, has nominated Gerald G. Colella and Elizabeth A. Mora to serve as Class I Directors for a term to expire at the 2021 Annual Meeting. Mr. Colella and Ms. Mora currently serve as directors. Each nominee has consented to being named herein and, if elected, to serve as a director until his or her successor is duly elected and qualified.

Shares represented by all proxies received by the Board of Directors and not so marked as to withhold authority to vote for an individual director will be voted (unless one or more nominees are unable or unwilling to serve) for the election of the nominees named below. The Board of Directors expects that each of the nominees named below will be available for election, but if any of them is not a candidate at the time the election occurs, it is intended that such proxies will be voted for the election of a substitute nominee to be designated by the Board of Directors.

THE BOARD OF DIRECTORS BELIEVES THAT APPROVAL OF THE ELECTION OF GERALD G. COLELLA AND ELIZABETH A. MORA TO SERVE AS CLASS I DIRECTORS IS IN THE BEST INTERESTS OF MKS AND OUR SHAREHOLDERS AND THEREFORE RECOMMENDS A VOTE FOR BOTH NOMINEES.

DIRECTORS

Set forth below are the names and ages of each member of our Board of Directors (including those who are nominees for election as Class I Directors) and the positions and offices held, principal occupation and business experience during at least the past five years, the names of other publicly held companies on which the individual currently serves, or in the past five years has served, as a director and the year each member of our Board of Directors joined our Board. We have also included information about each director's specific experience, qualifications, attributes, or skills that led the Board of Directors to conclude that he or she should serve as a director of MKS. Information with respect to the number of shares of Common Stock beneficially owned by each director, directly or indirectly, as of January 1, 2018, appears in this proxy statement under the heading Security Ownership of Certain Beneficial Owners and Management. Robert J. Phillippy, who currently serves as a Class I Director, is not standing for re-election to the Board of Directors and, accordingly, his tenure as a director will end as of the date of our 2018 Annual Meeting on May 9, 2018.

Name	Age	Position	Class to Which Director Currently Belongs
John R. Bertucci	77	Director, Chairman	III
Gregory R. Beecher(1)	60	Director	III
Richard S. Chute(2)	79	Director, Secretary	II
Gerald G. Colella*	61	Director, Chief Executive Officer and President	I
Peter R. Hanley(2)(3)	78	Director	II
Rick D. Hess(3)	64	Director	III
Jacqueline F. Moloney(1)(2)	64	Director	II

Elizabeth A. Mora(1)(3)*	57	Director	I
Robert J. Phillippy	57	Director	I

(1) Member of Audit Committee

(2) Member of Nominating and Corporate Governance Committee

(3) Member of Compensation Committee

* Nominee for election at this meeting

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Name	Year Became Director	Background and Qualifications
John R. Bertucci	1970	Mr. Bertucci has been Chairman of the Board of Directors since November 1995. Mr. Bertucci served as Executive Chairman from July 2005 until December 2006. Mr. Bertucci served as our Chief Executive Officer from November 1995 to July 2005 and served as President from 1974 to May 1999 and again from November 2001 to April 2004. From 1970 to 1974, he was our Vice President and General Manager. Mr. Bertucci holds an M.S. in Industrial Administration and a B.S. in Metallurgical Engineering from Carnegie Mellon University. Mr. Bertucci has served as a member of the Board of Trustees of Carnegie Mellon University since May 2002 and served on its Audit Committee and Executive Committee from 2007 to 2016. He also serves as a member of the Board of Trustees or the Board of Directors of three non-profit organizations. Mr. Bertucci's 35 years of experience working for MKS, including a combined 28 years as our President, gives him a unique insight into the challenges and strategies relevant to the semiconductor industry as a whole, and to our Company in particular.
Gregory R. Beecher	2006	Mr. Beecher has served as Chief Financial Officer of Teradyne, Inc., a semiconductor and system level test equipment provider, since 2001. Mr. Beecher was an audit partner with PricewaterhouseCoopers LLP from October 1993 to March 2001, working with numerous semiconductor equipment and instrument providers, along with other technology-related enterprises, and advising on complex accounting issues. Mr. Beecher has an M.S. in Accounting from Northeastern University. Mr. Beecher has served as a director and Chairman of the Audit Committee of Xyleco, Inc., a privately held company, since October 2016. Mr. Beecher served as a director of Hittite Microwave Corporation, a publicly traded developer of high performance integrated circuits, modules and subsystems, from June 2013 to May 2014. Mr. Beecher's extensive financial background, including his previous experience at a public accounting firm and his current role as Chief Financial Officer of a publicly held company, provides valuable insights for our Board of Directors and the Audit Committee.
Richard S. Chute	1974	Mr. Chute was a member of the law firm of Hill & Barlow, a Professional Corporation, from 1971 to January 2003, with an extensive corporate practice, and is currently an attorney in private practice. From October 2004 to November 2016, Mr. Chute served as a director and Chairman of the Audit Committee of Massachusetts Audubon Society, Inc., and he currently serves on its Advisory Council and as a member of its Administration and Finance Committee. Mr. Chute has also served as a director and member of the Nominating and Audit Committees of Manomet, Inc., a non-profit organization, since November 1993. He has served on over 15 other non-profit and private company boards. Mr. Chute's extensive legal experience provides him with a unique perspective, which is particularly valuable in Mr. Chute's current roles as

Secretary of the Company and as Chair of the Nominating and Corporate Governance Committee.

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Name	Year Became Director	Background and Qualifications
Gerald G. Colella	2014	Mr. Colella has served as our Chief Executive Officer and President since January 2014. From February 2013 until December 2013, Mr. Colella served as our President and Chief Operating Officer. He served as Vice President and Chief Operating Officer from January 2010 until February 2013 and served as our Vice President and Chief Business Officer from April 2005 until January 2010. In addition, Mr. Colella also served as our Acting Group Vice President, PRG Products, from July 2007 to March 2010. From October 1997 to April 2005, he served as our Vice President, Global Business and Service Operations; from March 1996 to October 1997, he served as our Director of Materials Planning and Logistics; and from 1994 to 1996, he served as our Materials Planning and Logistics Manager. Mr. Colella joined MKS in 1983. He holds a B.A. in Secondary Education from the University of Massachusetts and an M.B.A. from Southern New Hampshire University. Mr. Colella's 35 years of experience within the Company gives him particularly deep insight into our organization.
Peter R. Hanley	2008	From December 2009 until November 2010, Dr. Hanley served as an occasional consultant to Novellus Systems, Inc. (now Lam Research Corporation), a leading developer of semiconductor manufacturing equipment. From January 2004 until December 2007, Dr. Hanley served as a part-time employee of Novellus, engaged primarily in executive training. Dr. Hanley served as President of Novellus from May 2001 to December 2003. Prior to that, he served as Novellus Executive Vice President of Worldwide Sales from June 1992 until May 2001. Prior to joining Novellus, Dr. Hanley served from 1985 to 1992 at Applied Materials, Inc., a global leader providing processing equipment to the semiconductor and display markets, most recently as Group Vice President of Worldwide Sales and Service and previously as Vice President and General Manager of their Etch Products Division. Before joining Applied Materials, Inc., Dr. Hanley served from 1978 to 1984 at Varian Associates, a leader in the semiconductor capital equipment industry, most recently as Vice President of Technology and previously as Vice President and General Manager of their Extron Ion Implantation Division. Dr. Hanley has served as a member of the Advisory Board of Orbotech Ltd., a publicly held provider of yield-enhancing and production solutions, since 2014. Dr. Hanley holds a B.S. in Mechanical Engineering from Northeastern University and a Ph.D. in Applied Physics from Cornell University. Dr. Hanley's substantial background in the semiconductor industry for almost 40 years, including senior management roles at Novellus and Applied Materials, two of MKS' largest customers, provides the Board of Directors with insights into the industry's sales and marketing challenges and opportunities.

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Name	Year Became Director	Background and Qualifications
Rick D. Hess	2017	<p>Mr. Hess has served as Strategic Advisor to the Chief Executive Officer of Analog Devices, Inc., a publicly held semiconductor company, specializing in data conversion and signal processing technology, since June 2017. From 2014 to 2017, Mr. Hess served in various senior roles at Analog Devices, including Executive Vice President from September 2016 to June 2017; Senior Vice President, Communications and Automotive Business Group from November 2014 to September 2016; and Vice President, Radio and Microwave Group from July 2014 to November 2014. Before joining Analog Devices, Mr. Hess served as the Chief Executive Officer of Hittite Microwave Corporation from February 2013 to July 2014 (when it was acquired by Analog Devices). From 2011 to 2013, he was Vice President at American Superconductor Corporation, a provider of technologies and solutions for the electrical power infrastructure industry. From 2006 to 2010, Mr. Hess was President and Chief Executive Officer of Konarka Technologies, Inc., a developer of advanced photovoltaic cells on flexible plastic. From 2004 to 2006, he was President and Chief Executive Officer of Integrated Fuel Cell Technologies, Inc., a developer of fuel cell systems. From 1989 to 2004, Mr. Hess held several positions at M/A-COM, a semiconductor provider of high frequency components and systems for the wireless, defense, public safety and automotive markets, including President from 1999 to 2004. Mr. Hess had previously founded Stable Energy Sources, a manufacturer of microwave subsystems and components serving military and industrial markets. Mr. Hess served as a member of the Board of Directors of Hittite Microwave Corporation from 2005 until 2014. Mr. Hess received a B.S. in Electrical Engineering from Purdue University and an M.S. in Electrical Engineering from Johns Hopkins University. Mr. Hess' 30-plus years in executive leadership roles in the microwave, semiconductor, energy and manufacturing industries qualify him to serve as a member of our Board of Directors.</p>
Jacqueline F. Moloney	2016	<p>Ms. Moloney has served since 2015 as the Chancellor of the University of Massachusetts Lowell, a public university with over 17,000 students, and served as its Executive Vice Chancellor from 2007 to 2015. Ms. Moloney has been a tenured professor at the University since 1994 and served as the Dean of Online and Continuing Education from 1994 to 2007. Since 2008, Ms. Moloney has served as a director and member of the audit, strategic planning, marketing, investment, technology and executive committees of Enterprise Bancorp, Inc., a publicly held bank. She holds an Ed.D. from the University of Massachusetts Lowell. Ms. Moloney has over 30 years of experience as a leader in non-profit organizations. She has a deep history of working with business and industry, and she established the first incubators at the University of Massachusetts Lowell which are the home to approximately 50 early stage companies. She provides valuable knowledge and insight on emerging strategic planning</p>

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and management and business trends.

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Name	Year Became Director	Background and Qualifications
Elizabeth A. Mora	2012	<p>Ms. Mora has served since March 2016 as the Chief Administrative Officer, and from 2008 to February 2016 served as the Chief Financial Officer, of The Charles Stark Draper Laboratory, Inc., a non-profit engineering research and development laboratory serving the national interest in applied research, engineering development, advanced technical education, and technology transfer. From 1997 until 2008, she worked for Harvard University, ultimately serving as Chief Financial Officer and Vice President for Finance, and previously serving as Associate Vice President, Research Administration and the Director of the Office of Sponsored Research. Prior to joining Harvard, Ms. Mora worked for Coopers and Lybrand (now PricewaterhouseCoopers LLP) from 1989 to 1997 and was one of the founding members of its National Regulatory Consulting Practice. Ms. Mora is a Certified Public Accountant and has an M.B.A. from the Simmons College Graduate School of Management. She has served since 2016 as a director, and since January 2017 as Chairman of the Corporate Responsibility Committee, of GCP Applied Technologies, Inc., a publicly held company that provides construction and packaging technology products. Ms. Mora's extensive financial background, including her current role as Chief Administrative Officer of a prominent research and development organization, provides valuable insights for our Board of Directors, the Audit Committee and the Compensation Committee, and strong leadership as Chair of the Compensation Committee.</p>

Agreements as to Nomination

Mr. Bertucci resigned from his employment with MKS effective December 31, 2006. Mr. Bertucci's employment agreement provided that if Mr. Bertucci resigned from his employment, then, subject to applicable law, our Amended and Restated By-Laws, our Restated Articles of Organization and the directors' fiduciary duties, the Board of Directors shall nominate Mr. Bertucci for election as a Class III director and consider Mr. Bertucci for appointment as Chairman of the Board of Directors, until such time as Mr. Bertucci is no longer eligible for nomination as a director.

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PROPOSAL TWO ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, which added Section 14A to the Exchange Act, enables our shareholders to vote to approve, on a non-binding, advisory basis, the compensation of our Named Executive Officers as disclosed in this proxy statement under the heading Executive Compensation including Compensation Discussion and Analysis, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the philosophy, policies and practices of executive compensation described in this proxy statement. The advisory vote is not a vote on our compensation practices for non-executive employees or our Board of Directors. The Dodd-Frank Act requires the Company to hold the advisory vote on executive compensation at least once every three years, but we have elected to submit the advisory vote to shareholders annually.

As described in detail under the heading Executive Compensation Compensation Discussion and Analysis, our executive compensation programs are designed to attract, motivate, and retain our Named Executive Officers, who are critical to our success. Under these programs, our Named Executive Officers are rewarded for the achievement of specific short-term and long-term goals. Please see the Compensation Discussion and Analysis for additional details about our executive compensation philosophy and programs, including information about the compensation of our Named Executive Officers for the 2017 fiscal year.

The Compensation Committee continually reviews the compensation programs for our Named Executive Officers to ensure they achieve the desired goals of aligning our executive compensation structure with our shareholders interests and current market practices.

Our Board of Directors is asking shareholders to approve a non-binding advisory vote on the following resolution:

RESOLVED, that the compensation paid to the Company s Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby approved.

This vote on the compensation of our Named Executive Officers is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. Our Board of Directors and our Compensation Committee value the opinions of our shareholders and to the extent there is any significant vote against the Named Executive Officers compensation as disclosed in this proxy statement, we will consider our shareholders concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS BELIEVES THAT THE PROPOSAL TO APPROVE, ON A NON-BINDING ADVISORY BASIS, THE EXECUTIVE COMPENSATION CONTAINED IN THIS PROXY STATEMENT IS IN THE BEST INTERESTS OF MKS AND OUR SHAREHOLDERS AND THEREFORE RECOMMENDS A VOTE FOR THIS PROPOSAL.

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PROPOSAL THREE RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has selected PricewaterhouseCoopers LLP, or PwC, as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. PwC was our independent registered public accounting firm for the fiscal year ended December 31, 2017.

Representatives of PwC are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions from shareholders. In the event that the ratification of the selection of PwC as our independent registered public accounting firm is not obtained at the Annual Meeting, the Board of Directors will reconsider its appointment.

THE BOARD OF DIRECTORS BELIEVES THAT THE PROPOSAL TO RATIFY THE SELECTION OF PWC AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018 IS IN THE BEST INTERESTS OF MKS AND OUR SHAREHOLDERS AND THEREFORE RECOMMENDS A VOTE FOR THIS PROPOSAL.

CORPORATE GOVERNANCE

Board Independence

The Board of Directors has determined that all of the members of the Board of Directors, other than Mr. Colella and Mr. Phillippy, are independent as defined under the rules of the Nasdaq Stock Market, or Nasdaq.

Board Leadership Structure

Since 2005, we have separated the roles of Chief Executive Officer and Chairman of the Board of Directors in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction of the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board of Directors provides guidance to the Chief Executive Officer, sets the agenda for Board meetings and presides over meetings of the full Board of Directors.

In addition, the Board of Directors has established the position of Lead Director. Our Corporate Governance Guidelines provide that during any period in which the Chairman of the Board of Directors is not an independent director, and in such other instances as the Board of Directors may determine from time to time, a Lead Director shall be elected by and from the independent directors. While we are not obligated under our Corporate Governance Guidelines to have a Lead Director, as our Chairman of the Board of Directors is independent, we have currently elected to continue to do so. Mr. Beecher has served as Lead Director since 2012.

The primary role of the Lead Director is to serve as a liaison between the independent directors and the Chairman of the Board of Directors and/or the Chief Executive Officer and to represent the interests of the independent directors, as appropriate. Pursuant to our Corporate Governance Guidelines, which are posted on our website at investor.mksinst.com in the Corporate Governance tab, the Lead Director shall, among other matters:

have the authority to call meetings of the independent directors;

preside at all meetings of the Board of Directors at which the Chairman of the Board of Directors is not present;

assure that at least two meetings per year of only the independent directors are held and chair any such meetings of the independent directors;

facilitate communications and serve as a liaison between the independent directors and the Chairman of the Board of Directors and/or the Chief Executive Officer, provided that any director is free to communicate directly with the Chairman of the Board of Directors and with the Chief Executive Officer;

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work with the Chairman of the Board of Directors and the Chief Executive Officer in the preparation of the agenda for each Board of Directors meeting and approve each such agenda;

if a meeting is held between a major shareholder and a representative of the independent directors, the Lead Director shall serve, subject to availability, as such representative of the independent directors; and

otherwise consult with the Chairman of the Board of Directors and the Chief Executive Officer on matters relating to corporate governance and performance of the Board of Directors.

Our Board of Directors believes that its leadership structure is appropriate at this time for our Company because it strikes an effective balance between management and independent leadership participation in the Board of Directors process.

Communications from Shareholders

The Board of Directors will give appropriate attention to written communications that are submitted by shareholders and will respond if appropriate. The Chair of the Nominating and Corporate Governance Committee, with the assistance of our General Counsel, is primarily responsible for monitoring communications from shareholders and for providing copies or summaries to the other directors as he considers appropriate. Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Chair of the Nominating and Corporate Governance Committee considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications.

Shareholders who wish to send communications on any topic to the Board of Directors should address such communications to the Board of Directors in care of Kathleen F. Burke, Esq., Senior Vice President and General Counsel, MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, MA 01810.

Code of Ethics

We have adopted a code of business conduct and ethics that applies to all of our directors, officers and employees (including the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), which is posted on our website at investor.mksinst.com in the Corporate Governance tab. We intend to disclose on our website any amendments to, or waivers for our executive officers or directors from, our code of business conduct and ethics.

Board's Role in Risk Oversight

Management is responsible for the day-to-day management of risks the Company faces, while the Board of Directors, as a whole and through its committees, has the ultimate responsibility for the oversight of risk management. Senior management attends quarterly meetings of the Board of Directors, provides presentations on operations including significant risks, and is available to address any questions or concerns raised by the Board of Directors. Additionally, our three standing board committees assist the Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. Pursuant to its charter, the Audit Committee coordinates the Board of Directors' oversight of the Company's internal controls over financial reporting, disclosure controls and procedures, and code of conduct. The Audit Committee also is responsible for discussing the Company's policies with respect to financial risk assessment

and financial risk management. Management regularly reports to the Audit Committee on these areas. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs as well as succession planning as it relates to our Chief Executive Officer. The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership