

**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 under §240.14a-12

MKS Instruments, Inc.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

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

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

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid:

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 - 1) Amount Previously Paid:

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

 - 3) Filing Party:

 - 4) Date Filed:



MKS INSTRUMENTS, INC.
2 Tech Drive, Suite 201
Andover, Massachusetts 01810

March 26, 2021

Dear Shareholder:

You are cordially invited to attend the 2021 Annual Meeting of Shareholders of MKS Instruments, Inc. to be held on Tuesday, May 11, 2021 at 10:00 a.m., Eastern Time, which is being held in a virtual-only meeting format at www.virtualshareholdermeeting.com/MKSI2021 due to the public health impact of the ongoing COVID-19 pandemic and continued governmental restrictions limiting the number of people who may gather together.

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 three 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, 2021.

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.

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

Sincerely,

JOHN T.C. LEE
President and Chief Executive Officer



**MKS INSTRUMENTS, INC.
2 Tech Drive, Suite 201
Andover, Massachusetts 01810**

**NOTICE OF 2021 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 11, 2021**

To our Shareholders:

The 2021 Annual Meeting of Shareholders of MKS INSTRUMENTS, INC., a Massachusetts corporation, will be held on Tuesday, May 11, 2021 at 10:00 a.m., Eastern Time, in a virtual-only meeting format at www.virtualshareholdermeeting.com/MKSI2021, for the following purposes:

1. The election of three 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, 2021.

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

The Annual Meeting is being held in a virtual-only meeting format due to the public health impact of the ongoing COVID-19 pandemic and continued governmental restrictions limiting the number of people who may gather together.

We provide 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 mail to our shareholders a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice. We are mailing the Notice on or about March 26, 2021, and it contains instructions on how to access the proxy statement and our Annual Report for the fiscal year ended December 31, 2020, which we refer to as the 2020 Annual Report, 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 2020 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.

The Board of Directors has fixed the close of business on March 3, 2021 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 or not you expect to attend the meeting, we urge you to vote your shares.

If you are a shareholder of record, you may vote by using the Internet as described in the instructions included in 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 card. 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 your shares are held by a broker, bank or other nominee, you may vote by following the instructions your broker, bank or other nominee provides to you.

By Order of the Board of Directors,

KATHLEEN F. BURKE
Secretary

Andover, Massachusetts
March 26, 2021

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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 2021 Annual Meeting of Shareholders to be held on May 11, 2021 at 10:00 a.m., Eastern Time, in a virtual-only meeting format at www.virtualshareholdermeeting.com/MKSI2021, and at any adjournment or postponement thereof, which we refer to as the 2021 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 2021 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 or by voting during the 2021 Annual Meeting. Attendance at the 2021 Annual Meeting will not in itself be deemed to revoke a proxy.

We provide 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 mail to our shareholders a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice. We are mailing the Notice on or about March 26, 2021, and it contains instructions on how to access the proxy statement and our Annual Report for the fiscal year ended December 31, 2020, which we refer to as the 2020 Annual Report, 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 2020 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 11, 2021

This proxy statement and the 2020 Annual Report are available for viewing, printing and downloading at investor.mksinst.com/annual-meeting-materials.

A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2020 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 3, 2021, the record date for the determination of shareholders entitled to notice of, and to vote at, the 2021 Annual Meeting, there were issued and outstanding and entitled to vote 55,255,097 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 2021 Annual Meeting.

In order to transact business at the 2021 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 2021 Annual Meeting shall constitute a quorum for the transaction of business at the 2021 Annual Meeting. Shares of Common Stock held by shareholders present at the 2021 Annual Meeting 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 2021 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 other 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, brokerage firm or other nominee, your bank, brokerage firm or other nominee, 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 instructions your bank, brokerage firm or other nominee provides to you.

For additional details about voting and attending the 2021 Annual Meeting, please see “Voting and Meeting Information” below.

VOTING AND MEETING INFORMATION

The following sections provide additional details about voting and attending the 2021 Annual Meeting.

Attending the 2021 Annual Meeting

To be admitted to the 2021 Annual Meeting, you will need to log-in at www.virtualshareholdermeeting.com/MKSI2021 using the 16-digit control number found on your proxy card or voting instruction card.

The live audio webcast of the 2021 Annual Meeting will begin promptly at 10:00 a.m. Eastern Time. Online access to the audio webcast will open 15 minutes prior to the start of the 2021 Annual Meeting to allow time for you to log-in and test your device's audio system. The virtual 2021 Annual Meeting platform is fully supported across browsers (Internet Explorer, Firefox, Chrome and Safari) and devices (desktops, laptops, tablets and cell phones) running the most updated version of the applicable software and plugins. You should ensure you have a strong Internet connection wherever you intend to participate in the 2021 Annual Meeting. You should also allow plenty of time to log-in and ensure that you can hear streaming audio prior to the start of the 2021 Annual Meeting. If you encounter any technical difficulties, please refer to "Technical Assistance" below.

Voting Prior to the Annual Meeting

Internet

You may vote your shares in advance of the 2021 Annual Meeting via the Internet by accessing our online portal at www.proxyvote.com. Proxies submitted over the Internet must be received by 11:59 p.m. Eastern Time on May 10, 2021.

Telephone

You may vote your shares in advance of the 2021 Annual Meeting telephonically by calling 1-800-690-6903 and following the instructions on your proxy card. Proxies submitted by telephone must be received by 11:59 p.m. Eastern Time on May 10, 2021.

Mail

If you received a paper copy of the proxy materials, you may vote your shares in advance of the 2021 Annual Meeting by completing, signing, dating and returning your proxy card or voting instruction card. Proxies submitted via mail must be received by May 10, 2021.

Voting at the Annual Meeting

You may vote your shares during the 2021 Annual Meeting (up until the closing of the polls) by following the instructions that will be available at www.virtualshareholdermeeting.com/MKSI2021. If you have previously submitted your proxy and you vote your shares in accordance with these instructions during the meeting, your previously submitted proxy will be revoked.

Voting Shares Held in "Street Name"

If the shares you own are held in "street name" by a bank, broker or other nominee, your bank, broker or other nominee will provide a vote instruction form to you with this proxy statement, which you may use to direct how your shares will be voted. **You must instruct your bank, broker or other nominee how to vote with respect to the election of directors and the executive compensation advisory vote; your bank, broker or other nominee cannot exercise its discretion to vote on these matters on your behalf.** Many banks and brokers also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or broker on your vote instruction form.

Submitting Questions at the Annual Meeting; Rules of Conduct

If you wish to submit a question at the 2021 Annual Meeting, you may do so by logging in at www.virtualshareholdermeeting.com/MKSI2021, typing your question into the “Ask a Question” field, and clicking “Submit” beginning 15 minutes prior to, and during, the 2021 Annual Meeting. Appropriate questions related to the business of the 2021 Annual Meeting will be answered during the 2021 Annual Meeting, subject to time constraints. Any such questions that cannot be answered during the 2021 Annual Meeting due to time constraints will be posted and answered at investor.mksinst.com/annual-meeting-materials as soon as practical after the 2021 Annual Meeting. Additional information regarding the ability of shareholders to ask questions during the 2021 Annual Meeting and related rules of conduct will be available at www.virtualshareholdermeeting.com/MKSI2021.

Proxy Materials

You can view and download our proxy materials and 2020 Annual Report at our online portal, available to shareholders at www.proxyvote.com.

Shareholder List

During the 2021 Annual Meeting, a complete list of our shareholders of record will be available for viewing by shareholders for any purpose germane to the 2021 Annual Meeting at www.virtualshareholdermeeting.com/MKSI2021. A list of our registered holders as of the close of business on the record date will be made available to shareholders promptly after the record date and prior to the meeting; to access such list of registered holders, email Kathleen F. Burke, Esq., Senior Vice President, General Counsel and Secretary of the Company, at Kathleen.Burke@mksinst.com. Shareholders submitting any such request will be asked to include the 16-digit control number found on their proxy card, voting instruction card or Notice.

Technical Assistance

If you encounter any difficulties accessing the 2021 Annual Meeting, please call the technical support number that will be posted at www.virtualshareholdermeeting.com/MKSI2021.

We hope that shareholders will attend the 2021 Annual Meeting. Whether or not you plan to attend, we urge you to vote your shares over the Internet or by telephone, or complete, date, sign and return the proxy card in the accompanying postage-prepaid envelope if you received a printed proxy card. A prompt response will greatly facilitate arrangements for the 2021 Annual Meeting and your cooperation will be appreciated. Shareholders who attend the 2021 Annual Meeting may vote their shares at the 2021 Annual Meeting even if they have previously sent in their proxies.

PROPOSAL ONE – ELECTION OF DIRECTORS

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 2021 Annual Meeting, the term of the Class II Directors expires at the 2022 Annual Meeting of Shareholders and the term of the Class III Directors expires at the 2023 Annual Meeting of Shareholders. Our Board of Directors, upon the recommendation of our Nominating and Corporate Governance Committee, has nominated Rajeev Batra, Gerald G. Colella and Elizabeth A. Mora to serve as Class I Directors for a term to expire at the 2024 Annual Meeting of Shareholders. Mr. Batra, 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.

At our 2020 Annual Meeting of Shareholders, three Class III Directors did not stand for re-election, and two nominees were elected as Class III Directors, leaving one vacancy on the Board. Additionally, on February 24, 2021, Janice K. Henry, who was a Class III Director, resigned from our Board, leaving an additional vacancy on the Board. The Company is actively seeking candidates to fill these vacancies, with the goal of filling one or both of these vacancies shortly after the 2021 Annual Meeting. Our Amended and Restated By-Laws provide that these vacancies shall be filled solely by the affirmative vote of a majority of the remaining directors then in office. Proxies cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

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 RAJEEV BATRA, 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” ALL 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), 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 individual’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 individual, directly or indirectly, as of February 10, 2021, appears in this proxy statement under the heading “Security Ownership of Certain Beneficial Owners and Management.”

| <u>Name</u> | <u>Age</u> | <u>Position</u> | <u>Class to Which Director Currently Belongs</u> |
|--------------------------------|------------|---|--|
| Rajeev Batra(2)(3)* | 53 | Director | I |
| Gerald G. Colella* | 64 | Chairman | I |
| Joseph B. Donahue(1) | 62 | Director | III |
| John T.C. Lee | 58 | Director, President and Chief Executive Officer | II |
| Jacqueline F. Moloney(1)(2)(3) | 67 | Lead Director | II |
| Elizabeth A. Mora(1)(2)* | 60 | Director | I |
| Michelle M. Warner(3) | 54 | Director | II |

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) Member of Nominating and Corporate Governance Committee

* Nominee for election at this meeting.

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| <u>Name</u> | <u>Year Became Director</u> | <u>Background and Qualifications</u> |
|-------------------|-------------------------------------|---|
| Rajeev Batra | 2018 | Mr. Batra has served as President of Siemens Digital Industries U.S., an innovation leader in automation and digital transformation in the process and discrete industries, since April 2019. Previously, Mr. Batra served in various senior roles at Siemens U.S., including President of the Digital Factory Division from October 2014 to April 2019, President of the Industry Automation Division from October 2009 to October 2014, Vice President and General Manager, Automation & Motion Division from October 2007 to October 2009, and Vice President and General Manager, Automotive & Aerospace Vertical Markets from October 2002 to October 2007. Mr. Batra is also a director of Amsted Industries, a diversified global manufacturer of industrial components serving primarily the railroad, vehicular, and construction and building markets, and serves as Chairman of NEMA (National Electrical Manufacturers Association) and as a member of the Executive Committee of MAPI (Manufacturers Alliance for Productivity and Innovation). Mr. Batra received a B.S. in Electrical Engineering from Lawrence Technological University and an M.B.A. from the University of Michigan. Mr. Batra's 20-plus years in executive leadership roles in the broad industrial (process and discrete) markets, his extensive portfolio experience in the automation, digitalization and I4.0/IoT areas, and his current role as President of Siemens Digital Industries U.S., qualify him to serve as a member of our Board of Directors. |
| Gerald G. Colella | 2014 | Mr. Colella served as our Chief Executive Officer from January 2014 until his retirement in January 2020. Additionally, he served as our President from February 2013 to May 2018. He served as our Chief Operating Officer from January 2010 until December 2013 (additionally serving as Vice President until his promotion to President in February 2013). He served as our Vice President and Chief Business Officer from April 2005 until January 2010. Mr. Colella joined MKS in 1983 and progressed from materials planning and logistics to leading our global business and service operations before assuming his senior management roles. Mr. Colella served as a director of GCP Applied Technologies Inc. from 2017 to 2020. 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-plus years of experience within the Company, including direct knowledge and experience in operations, business strategy and growth, both organically and by acquisitions, gives him particularly deep insight into our organization. |

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| <u>Name</u> | <u>Year Became Director</u> | <u>Background and Qualifications</u> |
|-------------------|-------------------------------------|--|
| Joseph B. Donahue | 2020 | <p>Mr. Donahue served as Executive Vice President and Chief Operating Officer of TE Connectivity Ltd., a publicly held manufacturer of connectors, sensors and minimally invasive surgical assemblies for the automotive, industrial, medical, aerospace and communications/consumer markets, from 2011 until 2017. He concurrently served as President of the Network Solutions segment of TE Connectivity from August 2012 until the divestiture of that business in August 2015. He also served at TE Connectivity (formerly Tyco Electronics Ltd.), including as President, Transportation Solutions segment from 2010 through July 2012, President of the Global Automotive Division from 2008 through 2009 and Senior Vice President of the same division beginning in September 2007. From September 2006 to August 2007, he was Group Vice President, Woodcoatings Division, for Valspar Corporation, a manufacturer of commercial and industrial coatings. Over the prior 16 years, Mr. Donahue held a variety of senior management roles at TE Connectivity and AMP Incorporated. Mr. Donahue holds a B.S. in Biological Sciences and an M.S. in Plastics Engineering from the University of Massachusetts, Lowell. He holds an M.S. in Manufacturing Systems Engineering from Lehigh University. Mr. Donahue's extensive experience in executive leadership roles for companies serving multiple markets, including industrial, as well as his experience managing all aspects of company global operations, including supply chain, manufacturing, environment, health and safety, and lean, his international experience having lived and worked in Japan, China and Germany, and his merger and acquisition experience qualify him to serve as a member of our Board of Directors.</p> |

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| <u>Name</u> | <u>Year Became Director</u> | <u>Background and Qualifications</u> |
|-----------------------|-------------------------------------|---|
| John T.C. Lee | 2020 | <p>Dr. Lee has served as our President and Chief Executive Officer since January 2020. From September 2019 to January 2020, he served as our President, from May 2018 to September 2019, he served as our President and Chief Operating Officer, and from November 2016 to May 2018, he served as our Senior Vice President and Chief Operating Officer. From January 2014 until October 2016, Dr. Lee served as our Senior Vice President of Business Units. From November 2012 until December 2013, Dr. Lee served as our Senior Vice President, Controls, HPS (our integrated process solutions business), and Pressure, Flow, Measurement and Control, or PFMC. From January 2011 to November 2012, he served as Senior Vice President, Controls and PFMC, and from October 2007 to January 2011, he served as our Group Vice President, Controls and Information Technology products. Prior to joining MKS, Dr. Lee served as the Managing Director of Factory Technology and Projects within the Solar Business Group at Applied Materials, Inc., a global leader providing processing equipment to the semiconductor and display markets, from February 2007 until October 2007. From 2002 until 2007, he served as General Manager of the Cleans Product Group and the Maydan Technology Center at Applied Materials. Prior to Applied Materials, Dr. Lee served from 1997 until 2002 as Research Director of the Silicon Fabrication Research Department at Lucent Technologies, Inc., a voice, data and video communications provider, and from 1991 until 1997 as a Member of the Technical Staff in the Plasma Processing Research Group within Bell Labs. Dr. Lee holds a B.S. from Princeton University and both an M.S.C.E.P. and a Ph.D. from the Massachusetts Institute of Technology, all in Chemical Engineering. Dr. Lee's education combined with his technical understanding of our numerous and varied complex products, gained from over thirteen years of experience working in progressive leadership roles at our Company, and previously at Applied Materials, one of our largest customers, provide him with a unique leadership perspective.</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 18,000 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 compensation, nominating and corporate governance, strategic planning, technology and executive committees of Enterprise Bancorp, Inc., a publicly held bank. She holds a B.S. in Sociology from the University of Massachusetts, Lowell, an M.A. in Social Psychology from Goddard College and 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 65 early stage companies. She provides valuable knowledge and insight on emerging strategic planning and management and business trends.</p> |

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| <u>Name</u> | <u>Year Became Director</u> | <u>Background and Qualifications</u> |
|--------------------|-------------------------------------|---|
| Elizabeth A. Mora | 2012 | <p>Ms. Mora served as the Chief Administrative Officer from March 2016 to August 2020, and as the Chief Financial Officer from 2008 to February 2016, 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, or Draper Labs. 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 a B.A. in Political Science from the University of California, Berkeley and an M.B.A. from the Simmons College Graduate School of Management. She served as a director of GCP Applied Technologies, Inc. from 2016 to 2020. Ms. Mora's extensive financial background, including her previous 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. Also, Ms. Mora provides valuable insights on cyber security based on her prior oversight of Information Technology at Draper Labs, a leader in cyber security threat detection.</p> |
| Michelle M. Warner | 2019 | <p>Ms. Warner founded and has served as principal of MMW Advisors, LLC, a strategic advisory firm focused on mergers and acquisitions, corporate governance and legal and compliance matters, since July 2020. Ms. Warner served as Senior Vice President, General Counsel and Corporate Secretary for USG Corporation, a leading manufacturer of building products and solutions, from January 2016 until its acquisition by privately held Gerb. Knauf KG in April 2019. From 1997 until 2015, she worked in a variety of legal positions for Motorola Solutions, Inc. (formerly Motorola, Inc.), a provider of communication infrastructure, devices, accessories, software and services, most recently as Deputy General Counsel and Corporate Secretary, prior to that, serving as Corporate Vice President, Law, Corporate, Securities and Transactions. She also serves on the Board of Directors for Logan Square Preservation, a non-profit organization, and is a member of the President's Council of the Museum of Science and Industry, Chicago, having recently completed a two-year term as Chair and as an ex officio member of the Board of Trustees. In addition, she serves on the Board of Advisors of Denison University. Ms. Warner received a J.D. from the Northwestern University School of Law and a B.S. in Economics from Denison University. Due to Ms. Warner's strong background in mergers and acquisitions, as well as securities and corporate governance, she provides valuable experience to our Board.</p> |

Director Skills, Experience and Background

MKS is a global provider of instruments, systems, subsystems and process control solutions that measure, monitor, deliver, analyze, power and control critical parameters of advanced manufacturing processes to improve process performance and productivity for our customers. Many of the markets for our products are cyclical and highly competitive. As we discuss below under the heading “Corporate Governance – Director Candidates,” the Nominating and Corporate Governance Committee is responsible for evaluating the appropriate skills, experience and background that MKS seeks in Board members in the context of our business and the existing composition of the Board. This evaluation includes numerous factors, such as integrity, business acumen, knowledge of our business and industry, effectiveness, experience, diligence, conflicts of interest and the ability to act in the interests of all shareholders.

Listed below are the skills and experience that we consider important for our directors given our current business and organizational structure. The continuing directors’ and director nominees’ biographies and the matrix below note each director’s and director nominee’s relevant experience, qualifications and skills relative to this list.

Skills/Competencies

- Industry Experience

A significant portion of our sales are derived from products sold to semiconductor capital equipment manufacturers and semiconductor device manufacturers. In addition, our products are used in the industrial technologies, life and health sciences, as well as research and defense markets. Directors with education and experience in semiconductor technology and other industrial technologies provide valuable perspectives on our research and development efforts, competing technologies, the products and processes we develop, our manufacturing and assembly and the markets in which we compete.

- M&A/Business Development Experience

Directors with a background in mergers and acquisitions and business development provide insights into developing and implementing strategies for growing our business. Useful experience in this area includes skills in assessing and analyzing the “fit” of a proposed acquisition with our long-term strategy, valuing transactions and assessing management’s integration plans with existing operations.

- CEO/COO/CFO Experience

Directors who have served in senior leadership positions are important to us because they have the experience and perspective to analyze, shape, and oversee the execution of important operational and policy issues.

- Experienced Director

Directors with public company board experience understand the dynamics and operation of a corporate board, the relationship of a public company board to the Chief Executive Officer and other executive officers, the legal and regulatory landscape in which public companies must operate, and how to oversee an ever-changing mix of strategic, operational, and compliance-related matters.

- International Experience

We are a global organization with manufacturing, research and development, and sales offices in many countries. We sell our products to thousands of customers worldwide and a significant portion of our revenues are from sales to customers in international markets. Our manufacturing facility locations include Austria, China, France, Germany, Israel, Italy, Mexico, Romania, Singapore, South Korea and the United States. Because of these factors, directors with international experience can provide valuable business, regulatory and cultural perspectives regarding many important aspects of our business.

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Functional Background

- Accounting/Finance

Knowledge of financial markets, financing operations, and accounting and financial reporting processes is very important as it assists our directors in understanding, advising on, and overseeing our capital structure, financing and investing activities as well as our financial reporting and internal controls.

- Engineering/R&D

Our products incorporate sophisticated technologies to measure, monitor, deliver, analyze, power and control complex semiconductor and advanced manufacturing processes, thereby enhancing uptime, yield and throughput for our customers. We have developed, and continue to develop, new products to address industry trends. Directors with education and experience in engineering and research and development provide valuable perspectives regarding our research and development efforts, competing technologies, the products and processes we develop, our manufacturing and assembly and the markets in which we compete.

- Regulatory/Legal/Governance

Directors with a regulatory, legal or governance background can assist the Board in fulfilling its oversight responsibilities regarding our compliance, engagement with regulatory authorities, and governance structure.

- Marketing/Sales

Directors with marketing, brand management and sales experience can provide expertise and guidance as we seek to expand the markets in which we compete, grow sales, and strengthen our brands.

- Operations

As we operate in many cyclical markets, with rapid demand changes, and have a broad footprint of international manufacturing operations, understanding of and experience with manufacturing and other operational processes are valuable assets to our Board.

- Digitization/Cybersecurity/IoT

The markets we serve increasingly rely on digitization and electronic connectivity as growth drivers, including, for example, the Internet of Things, or IoT. Further, we rely on various information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information and to carry out and support a variety of business activities, and the safety and security of our digital information is paramount to our success. Directors who have a sophisticated understanding of global digitization and/or cybersecurity literacy can assist with the Board's oversight of driving future growth and securing our digital information in the rapidly evolving digital landscape.

Personal Demographics

Representation of a mix of ages, gender and racially diverse perspectives expand the Board's understanding of the needs and perspectives of our customers, suppliers, employees and shareholders. In addition, we consider the tenure each director has on our Board to ensure the continued independence and effectiveness of the Board.

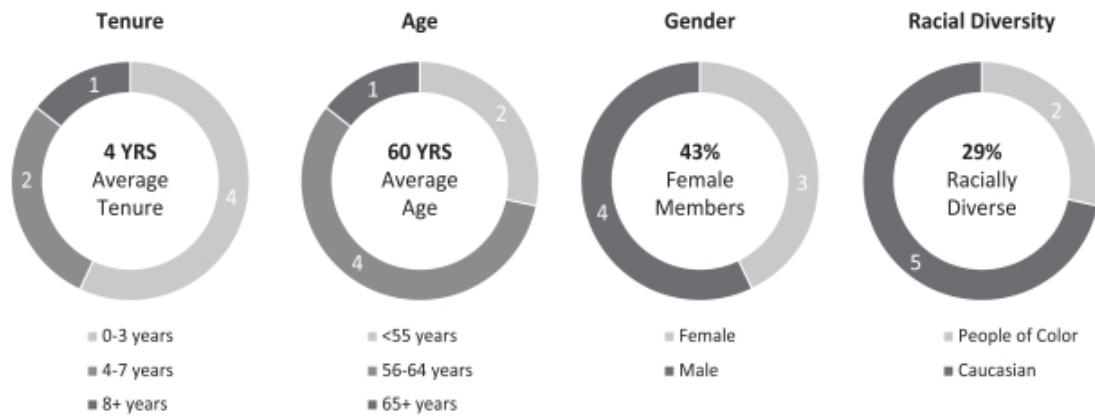
Board Skills Matrix

The below matrix and the directors’ biographies note each director’s relevant experience, qualifications and skills relative to the skills and experience we consider important for our directors.

| | Directors | | | | | | |
|--|--------------|----------------|----------------|---------------|--------------------|----------------|-----------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Rajeev Batra | Gerald Colella | Joseph Donahue | John T.C. Lee | Jacqueline Moloney | Elizabeth Mora | Michelle Warner |
| SKILL/COMPETENCIES | | | | | | | |
| • Industry Experience | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| • M&A/Business Development Experience | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| • CEO/COO/CFO Experience | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| • Experienced Director | | ✓ | | | ✓ | ✓ | |
| • International Experience | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| FUNCTIONAL BACKGROUND | | | | | | | |
| • Accounting/Finance | | | | | | ✓ | |
| • Engineering/R&D | ✓ | | ✓ | ✓ | | | |
| • Regulatory/Legal/Governance | | | | | | ✓ | ✓ |
| • Marketing/Sales | ✓ | ✓ | | | | | |
| • Operations | ✓ | ✓ | ✓ | | | | |
| • Digitization/Cybersecurity/IoT | ✓ | | | | | ✓ | |
| PERSONAL DEMOGRAPHICS | | | | | | | |
| • Tenure (years) | 3 | 7 | 1 | 1 | 5 | 9 | 2 |
| • Age | 53 | 64 | 62 | 58 | 67 | 60 | 54 |
| • Gender (Female/Male/Nonbinary) | M | M | M | M | F | F | F |
| • Racial Diversity (Caucasian/Non-Caucasian) | N | C | C | N | C | C | C |

Demographic Ratio Graphs

The following demographic ratio graphs show data for our directors.



PROPOSAL TWO – ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our shareholders to vote to approve, on a non-binding, advisory basis, the compensation of our 2020 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 2020 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 program is designed to attract, motivate, and retain our executive officers, who are critical to our success. Under this program, our 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 program and philosophy, including information about the compensation of our 2020 Named Executive Officers.

The Compensation Committee continually reviews the compensation program for our executive officers to ensure it achieves 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 2020 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 2020 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 2020 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.

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, 2021. PwC was our independent registered public accounting firm for the fiscal year ended December 31, 2020.

Representatives of PwC are expected to attend the 2021 Annual Meeting. They 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 2021 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, 2021 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 Dr. Lee, 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, 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. We are currently obligated under our Corporate Governance Guidelines to have a Lead Director, as Mr. Colella, our Chairman of the Board of Directors, is our former Chief Executive Officer and a non-independent member of our Board of Directors. Ms. Moloney has served as our Lead Director since 2020.

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 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 or she 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, General Counsel and Secretary, MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, MA 01810.

Code of Business Conduct and 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 business conduct and ethics. The Audit Committee also is responsible for discussing the Company's policies with respect to financial risk assessment and financial risk management and overseeing the steps management has taken with respect to data privacy and cybersecurity risk exposure. 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. 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 and structure, succession planning for our directors, corporate

governance and corporate social responsibility. In addition, from time to time, the Board of Directors may constitute a special committee to focus on a particular matter or risk. When any of the committees receives a report related to material risk oversight, the chair of the relevant committee reports on the discussion to the full Board of Directors.

Transactions with Related Persons

Our code of business conduct and ethics sets forth the general principle that our directors, officers and employees should refrain from engaging in any activity having a personal interest that presents a conflict of interest. The code of business conduct and ethics prohibits directors, officers and employees from engaging in any activity that may reasonably be expected to give rise to a conflict of interest or to adversely affect our interests. The code of business conduct and ethics provides that all employees are responsible for disclosing to the Company any transaction or relationship that reasonably could be expected to give rise to a conflict of interest, and executive officers and directors must report such transactions to the Board of Directors, which shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

In addition, our written Related Person Transaction Procedures set forth the procedures for reviewing transactions that could be deemed to be “related person transactions” (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K of applicable SEC regulations). In accordance with these procedures, directors and executive officers are required to submit annual certifications regarding interests and affiliations held by them and certain of their family members. We then review our records to determine whether we have engaged in any transactions since the beginning of our prior fiscal year with such affiliated persons and entities or with any person or entity known by MKS to be the beneficial owner of more than 5% of our voting securities, and provide a summary to the Audit Committee of any such material transaction in which the related person has a direct or indirect interest. In accordance with the procedures, the Audit Committee reviews any such transactions (including, but not limited to, transactions constituting related person transactions). In reviewing any such transaction, the Audit Committee considers, among other things, the related person’s interest in the transaction, the approximate dollar value of the transaction, whether the transaction was undertaken in the ordinary course of business, whether the terms of the transaction were at arm’s length, the purpose and potential benefits to the Company of the transaction, and whether the transaction is in the best interests of the Company. The Audit Committee may, in its sole discretion, impose such conditions as it deems appropriate in connection with any related person transaction. In accordance with the Audit Committee charter, the Audit Committee reviews the Related Person Transaction Procedures from time to time.

Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP, and Wellington Management Company LLP, which we refer to collectively as the Wellington Group, collectively beneficially owned approximately 9% of the Company’s outstanding voting shares as of February 10, 2021, based on a filing they have made with the SEC. Wellington Management LLP, an affiliate of the Wellington Group, manages a cash and investment account of MKS in the aggregate amount of approximately \$285 million as of December 31, 2020. In 2020, MKS paid Wellington Management LLP approximately \$213,000 for these cash and investment management services. Wellington Management LLP must manage this account in accordance with, and subject to, the Company’s Corporate Investment Policy, which establishes clear guidelines for acceptable investments. As part of our Related Person Transaction Procedures, our Audit Committee reviewed the foregoing relationship with Wellington Management LLP.

Board of Director Meetings and Committees of the Board of Directors

The Board of Directors held seven meetings in 2020. During 2020, each director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings of all committees of the Board of Directors on which he or she served. Pursuant to our Corporate Governance Guidelines, directors are encouraged to attend our annual meeting of shareholders. All of the directors then serving on the Board of Directors, other than Messrs. Beecher, Bertucci and Hess, whose tenure as directors ended on the date of the 2020 Annual Meeting of Shareholders, attended the 2020 Annual Meeting of Shareholders.

The Board of Directors has established three standing committees — Audit, Compensation, and Nominating and Corporate Governance — each of which operates under a charter that has been approved by the Board of Directors. Each committee’s current charter is posted on our website at investor.mksinst.com in the Corporate Governance tab.

Audit Committee

The Audit Committee consists of Ms. Mora (Chair), Mr. Donahue and Ms. Moloney. In May 2020, Ms. Henry and Mr. Donahue replaced Ms. Moloney and Gregory R. Beecher, when Ms. Moloney became a member of the Compensation Committee and when Mr. Beecher’s tenure as a director ended. In February 2021, Ms. Mora was elected Chair of the Audit Committee and Ms. Moloney rejoined the Audit Committee, when Ms. Henry resigned as a member of the Board of Directors. The Board of Directors has determined that each of Ms. Mora and Ms. Moloney is an “audit committee financial expert” as defined in applicable SEC regulations. Each member of the Audit Committee also meets the requirements for independence under applicable Nasdaq and SEC rules. The Audit Committee’s responsibilities include:

- appointing, approving the fees of, assessing the independence of, evaluating, retaining and, when necessary, terminating the engagement of our independent registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of certain reports from the independent registered public accounting firm;
- reviewing and discussing our annual audited financial statements and related disclosures with management and the independent registered public accounting firm;
- reviewing our quarterly unaudited financial statements;
- coordinating oversight of our internal controls over financial reporting, disclosure controls and procedures, and code of business conduct and ethics;
- overseeing our internal audit function;
- discussing our policies with respect to financial risk assessment and financial risk management;
- establishing procedures for the receipt and retention of accounting-related complaints and concerns;
- discussing our earnings press releases in advance of public disclosure, as well as generally discussing the types of financial information and earnings guidance, including “pro forma” and other “adjusted” non-GAAP information, provided to analysts, rating agencies and others;
- meeting independently with our internal audit staff, independent registered public accounting firm and management;
- reviewing our procedures for reviewing related person transactions, recommending any changes to these procedures and reviewing any related person transactions;
- reviewing and approving our corporate investment policy, including our hedging policy;
- reviewing and approving derivative financial instruments, including those subject to mandatory clearing;
- overseeing the work of management to monitor and control data privacy and cybersecurity risk exposure;
- reviewing with management our overall tax strategy, including areas requiring significant judgment or risk; and
- preparing the Audit Committee report required to be included in the annual proxy statement.

The Audit Committee held five meetings in 2020.

Compensation Committee

The Compensation Committee consists of Mr. Batra (Chair), Ms. Moloney and Ms. Mora. Ms. Moloney replaced Rick D. Hess, who served on the Compensation Committee until May 2020 when his tenure as a director ended. Mr. Batra was elected Chair of the Compensation Committee in February 2021 when Ms. Mora assumed the role of Chair of the Audit Committee. Each member of the Compensation Committee meets the requirements for independence under applicable Nasdaq and SEC rules. The Compensation Committee's responsibilities include:

- reviewing and approving the compensation of our Chief Executive Officer, our other executive officers and, at the discretion of the Compensation Committee, our other direct reports to the Chief Executive Officer;
- overseeing the evaluation of our Chief Executive Officer, our other executive officers and, at the discretion of the Compensation Committee, our other direct reports to the Chief Executive Officer;
- overseeing our Chief Executive Officer and our other executives' succession planning;
- periodically reviewing and approving our management incentive bonus plans;
- overseeing the risks associated with our compensation policies and practices and annually reviewing whether such policies and practices are reasonably likely to have a material adverse effect on the Company;
- reviewing the Compensation Discussion and Analysis required to be included in the annual proxy statement;
- preparing the annual Compensation Committee Report required to be included in the annual proxy statement;
- overseeing and administering our equity incentive plans;
- reviewing the results of advisory shareholder votes on executive compensation and recommending how frequently the Company should conduct such votes;
- overseeing our stock ownership guidelines and monitoring compliance therewith;
- reviewing and approving our clawback policy and monitoring compliance therewith;
- reviewing and making recommendations to the Board of Directors with respect to director compensation; and
- appointing, compensating, assessing the independence of, and overseeing the work of any compensation consultant.

The Compensation Committee held five meetings in 2020. See the section below entitled "Executive Compensation — Compensation Discussion and Analysis" for further information about the role of the Compensation Committee and the scope of its activities.

Compensation Risk Assessment

Our Compensation Committee engaged its independent compensation consultant, Pearl Meyer & Partners, LLC, or Pearl Meyer, to conduct a risk assessment of our compensation programs and practices to understand if any risks exist that are reasonably likely to have a material adverse effect on our Company, and the results were reviewed by our Compensation Committee. Based on this assessment, our Compensation Committee concluded that our compensation programs and practices, as a whole, are appropriately structured and do not pose a material risk to our Company. Our compensation programs are intended to reward our executive officers and other employees for strong performance over the long-term, with consideration to short-term actions and results that strengthen and grow our Company. We believe our compensation programs provide the appropriate balance between short-term and long-term incentives, focusing on sustainable and profitable growth for our Company.

Compensation Committee Interlocks and Insider Participation

In 2020, Mr. Batra, Ms. Moloney, Ms. Mora and Mr. Hess served on the Compensation Committee. Ms. Moloney replaced Mr. Hess in May 2020, when Mr. Hess's tenure as a director ended. None of the members of the Compensation Committee during 2020 were, at any time, officers or employees of MKS or our subsidiaries, and none of them had any relationship with us requiring disclosure under applicable SEC rules and regulations. None of our executive officers serves, or has served, as a member of the Board of Directors or Compensation Committee (or other committee serving an equivalent function) of any other entity which has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of Ms. Moloney (Chair), Mr. Batra and Ms. Warner. Each member of the Nominating and Corporate Governance Committee meets the requirements for independence under applicable Nasdaq and SEC rules. The Nominating and Corporate Governance Committee's responsibilities include:

- identifying individuals qualified to become members of the Board of Directors, consistent with criteria approved by the Board of Directors;
- recommending to the Board of Directors the persons to be nominated for election as directors and to each of the committees of the Board of Directors, including the director recommended to serve as chair of each committee;
- designating a Lead Director (if any), subject to the approval of the independent directors;
- reviewing each director's continuation on the Board of Directors at least once every three years;
- overseeing the director succession planning process;
- reviewing each director's independence under Nasdaq listing standards and the applicable rules of the SEC;
- overseeing corporate governance policies and reviewing the Company's charter, by-laws and corporate governance guidelines;
- reviewing and reporting to the Board of Directors on the Company's corporate social responsibility and sustainability efforts;
- retaining and terminating any search firm to be used to identify director nominees;
- periodically reviewing the Board of Directors' leadership structure to assess whether it is appropriate;
- conducting the annual evaluations of the Board of Directors, each of the committees of the Board of Directors and the directors who are up for nomination; and
- monitoring communications from shareholders and other interested parties.

The Nominating and Corporate Governance Committee held three meetings in 2020.

For information relating to the nomination of directors, see "Director Candidates" below.

Director Candidates

The Nominating and Corporate Governance Committee recommended to the Board of Directors that the director nominees be nominated by the Board of Directors for election as Class I Directors. The Nominating and Corporate Governance Committee utilizes a number of processes to identify and evaluate director candidates, including the engagement of a third-party executive search firm and other resources to identify potential director candidates, as needed. Activities relating to identifying and selecting nominees include Board assessments of each incumbent director nominee for the current year, requests to Board members and others for recommendations of

potential candidates, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by the members of the Nominating and Corporate Governance Committee and the Board of Directors. The Nominating and Corporate Governance Committee recommended to the Board of Directors the nomination of Mr. Batra, Mr. Colella and Ms. Mora.

In considering whether to recommend any particular candidate for inclusion in the Board of Directors' slate of recommended director nominees, the Nominating and Corporate Governance Committee applies the criteria attached to the Company's Corporate Governance Guidelines. These criteria include the candidate's integrity, business acumen, knowledge of our business and industry, effectiveness, experience, diligence, conflicts of interest and the ability to act in the interests of all shareholders. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The Nominating and Corporate Governance Committee also assesses the candidate's professional background and skills against those of the existing Board members to ensure a breadth and diversity of expertise that suits the Company's current and future business risks, industries and challenges. See "Directors — Board Skills Matrix." Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law. In considering director candidates, the Nominating and Corporate Governance Committee actively seeks diverse candidates for the pool from which candidates are chosen. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, the Board of Directors and the Nominating and Corporate Governance Committee believe that it is essential that the members of the Board of Directors represent diverse viewpoints. In considering candidates for the Board of Directors, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials in the context of these standards. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities.

Shareholders may recommend individuals to the Nominating and Corporate Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned at least \$2,000 in market value or 1% of our Common Stock, whichever is less, for at least a year as of the date such recommendation is made, to the Nominating and Corporate Governance Committee, in care of Kathleen F. Burke, Esq., Senior Vice President, General Counsel and Secretary, MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, MA 01810. Assuming that appropriate biographical and background material has been provided on a timely basis, the Nominating and Corporate Governance Committee will evaluate shareholder-recommended candidates by following substantially the same process, and applying the same criteria, as it does in considering other candidates.

Shareholders also have the right under our Amended and Restated By-Laws to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or the Board of Directors, by following the procedures set forth under the heading "Deadline for Submission of Shareholder Proposals for the 2022 Annual Meeting" below.

CORPORATE SOCIAL RESPONSIBILITY

In 2020, we significantly enhanced our Corporate Social Responsibility, or CSR, program, which the Board of Directors directly oversees. The Board of Directors and management are committed to executing on our vision and mission in an ethical and sustainable way for our employees, customers, suppliers, communities and shareholders.

We have established a CSR Management System, which outlines our CSR governance structure, how we manage our CSR program, our high-level focus areas and our annual CSR strategy process. Our leadership approach is based on our commitment to conduct business with the highest standards of integrity. Our Code of Business Conduct and Ethics, which is described under "Corporate Governance — Code of Business Conduct and Ethics," ensures that we deliver on this commitment every day.

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We also have a strong commitment to our people, with an emphasis on diversity, equity and inclusion, learning and development, and safety and well-being. In 2020, as part of our commitment to diversity, equity and inclusion, over 120 of our leaders around the world completed a six-week diversity, equity and inclusion program hosted by a consulting firm recognized as best-in-class in the area of diversity, equity and inclusion capability building. We plan to extend this training to our next level of leaders. In addition, we plan to offer other diversity, equity and inclusion training for all other employees in 2021. We also proactively provide our hiring managers with diverse candidate slates in our employee recruiting process.

Throughout the COVID-19 pandemic, the safety and well-being of our global workforce has been our highest priority. The commitment to this effort is evidenced by the extensive planning and numerous actions we swiftly took to respond to the pandemic, including implementing a number of safety precautions for our employees and a “work from home” policy for a significant portion of our workforce.

We value the environment and the communities in which we live and work. We are committed to sustainable business practices, supporting clean energy development, philanthropy and volunteerism. Another critical part of our CSR strategy is cultivating strong relationships with our supply chain. As part of our responsible and sustainable sourcing strategy, we formalize, standardize and clearly communicate our expectations for suppliers, including our ethical guidelines and how we expect to work together.

In summary, we believe that it is critical to create relationships with our stakeholders that support responsible and ethical business practices, conduct and compliance. It is good for our employees, it is good for our environment, and it is good for our business.

Detailed information regarding our corporate social responsibility activities is available on our website at www.mksinst.com/corporate-social-responsibility.

DIRECTOR COMPENSATION

Cash Compensation

The following table summarizes the cash compensation payable by us to non-employee directors in 2020:

| | Annual Retainer |
|---|------------------------|
| Base Retainer for All Non-Employee Board Members | \$70,000 |
| <i>Additional Retainers for Services:</i> | |
| Chairman | \$75,000 |
| Lead Director | \$25,000 |
| Audit Committee Chair | \$25,000 |
| Other Audit Committee Members | \$12,500 |
| Compensation Committee Chair | \$20,000 |
| Other Compensation Committee Members | \$10,000 |
| Nominating and Corporate Governance Committee Chair | \$15,000 |
| Other Nominating and Corporate Governance Committee Members | \$ 7,500 |

In addition, from time to time, the Board of Directors may establish special committees related to specific matters and may include a retainer for service on such special committees in its discretion.

Equity Compensation

Non-employee directors are eligible for awards under our 2014 Stock Incentive Plan, which is administered by the Compensation Committee. In 2020, under our director compensation program, non-employee directors received automatic grants of restricted stock units, or RSUs, on the date of the 2020 Annual Meeting of Shareholders, with a grant date value of \$200,000, which RSUs shall vest in full on the day prior to the 2021 Annual Meeting.

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If a new non-employee director joins our Board of Directors after our annual meeting of shareholders but before January 1st of the following year, he or she will be entitled to an initial RSU grant with a value equal to the annual RSU grant. In the event a non-employee director joins our Board of Directors during the period from January 1st through the date of that year's annual meeting of shareholders, he or she will not be entitled to an initial RSU grant but will be entitled to the annual RSU grant on the date of the annual meeting of shareholders.

Director Compensation Table for 2020

The following table summarizes compensation paid to non-employee directors in 2020. Dr. Lee is excluded from the table because he was an executive officer in 2020 and his compensation is set forth in the Executive Compensation section below, under the heading "Executive Compensation Tables — Summary Compensation Table for 2020." Mr. Colella is excluded from the table because he served as Chief Executive Officer through January 1, 2020, and under SEC rules, his director compensation is reported in the Summary Compensation Table.

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards \$(1) | All Other Compensation (\$) | Total (\$) |
|-----------------------|--|--------------------------|-----------------------------------|---------------|
| Rajeev Batra | \$ 87,500 | \$200,000 | \$ - | \$287,500 |
| Gregory R. Beecher(2) | \$ 46,516 | \$ - | \$ - | \$ 46,516 |
| John R. Bertucci(2) | \$ 55,582 | \$ - | \$ 44,103(3) | \$ 99,685 |
| Joseph B. Donahue(4) | \$ 62,583(5) | \$200,000 | \$ - | \$262,583 |
| Janice K. Henry(4) | \$ 60,550 | \$200,000 | \$ - | \$260,550 |
| Rick D. Hess(2) | \$ 29,011 | \$ - | \$ - | \$ 29,011 |
| Jacqueline F. Moloney | \$111,841 | \$200,000 | \$ - | \$311,841 |
| Elizabeth A. Mora | \$102,500 | \$200,000 | \$ - | \$302,500 |
| Michelle M. Warner | \$ 87,500(5) | \$200,000 | \$ - | \$287,500 |

- (1) Represents the aggregate grant date fair value for each RSU granted during the year, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, or ASC 718. The assumptions used in determining the grant date fair values of these awards are set forth in Note 17 to our consolidated financial statements, which were included in our Annual Report on Form 10-K that was filed with the SEC on February 23, 2021. The outstanding stock awards held as of December 31, 2020 by each of the non-employee directors consisted of 1,988 RSUs.
- (2) Messrs. Beecher, Bertucci and Hess each served as a director until May 2020.
- (3) In connection with his retirement as Executive Chairman in 2006, Mr. Bertucci receives certain retiree medical benefits and a car allowance. The retiree medical benefits consist of benefits for life for himself and his spouse. We paid \$24,239 for this benefit in 2020. We paid \$19,864 for Mr. Bertucci's car allowance in 2020.
- (4) Mr. Donahue and Ms. Henry each became a director in May 2020.
- (5) Includes \$10,000 in consideration for services on a special committee of the Board of Directors, which compensation consisted of a flat fee of \$3,000 for up to five meetings and \$1,000 per meeting thereafter up to a maximum of \$10,000.

AUDIT AND FINANCIAL ACCOUNTING OVERSIGHT

Audit Committee Report

The Audit Committee of our Board of Directors has reviewed our audited financial statements for the year ended December 31, 2020 and discussed them with our management.

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The Audit Committee discussed with PricewaterhouseCoopers LLP, or PwC, our independent registered public accounting firm, the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the Commission.

The Audit Committee has received the written disclosures and the letter from our independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Respectfully submitted,

Joseph B. Donahue
Elizabeth A. Mora

Principal Accountant Fees and Services

For the years ended December 31, 2020 and 2019, aggregate fees for professional services rendered by our independent registered public accounting firm, PwC, in the following categories were as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------|--------------------|--------------------|
| Audit Fees | \$4,143,170 | \$4,664,773 |
| Tax Fees | 284,204 | 259,076 |
| All Other Fees | 116,052 | 2,700 |
| Total | <u>\$4,543,426</u> | <u>\$4,926,549</u> |

Audit Fees

Audit fees billed for both years consisted of fees for professional services rendered for: (i) the audit of our annual consolidated financial statements, (ii) statutory audits, (iii) the review of our consolidated financial statements included in our quarterly reports on Form 10-Q, (iv) audit services related to other reports filed with the SEC, and (v) the audit of our internal controls over financial reporting as required by the rules and regulations promulgated under Section 404 of the Sarbanes-Oxley Act of 2002.

Tax Fees

Tax Fees for the years ended December 31, 2020 and December 31, 2019 were for services related to tax compliance, including the preparation of tax returns, and tax planning and tax advice, including assistance with foreign operations and foreign tax audits.

All Other Fees

All Other Fees for the years ended December 31, 2020 were for due diligence services performed in connection with a potential acquisition and for accounting research software. All Other Fees for the year ended December 31, 2019 were for accounting research software.

In 2020 and 2019, all Audit Fees, Tax Fees and All Other Fees were pre-approved pursuant to the Audit Committee's pre-approval requirements, described below.

Pre-Approval Policy and Procedures

The Audit Committee's charter sets forth the Audit Committee's obligations relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. The charter provides that we will not engage our independent registered public accounting firm to provide audit or non-audit services unless the service is pre-approved by the Audit Committee. In addition, we will not engage any other accounting firm to provide audit services unless such services are pre-approved by the Audit Committee. It is the Audit Committee's policy that with respect to services performed or to be performed by PwC in connection with each fiscal year of the Company, the annual fees for non-audit services in such year shall not exceed one half of the aggregate fees payable to PwC for such year, without the prior express approval of the Audit Committee.

In connection with the foregoing, the Audit Committee may approve specific services in advance. In addition, from time to time, the Audit Committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval of types of services is detailed as to the particular service or type of service to be provided and is also generally subject to a maximum dollar amount.

The Audit Committee has also delegated to the Chair of the Audit Committee the authority to approve any audit or non-audit services to be provided to us by our independent registered public accounting firm. Any approval of services by the Chair of the Audit Committee pursuant to this delegated authority is reported on at the next meeting of the Audit Committee.

The Audit Committee has considered and determined that the provision of the non-audit services noted in the foregoing table is compatible with maintaining PwC's independence.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our Common Stock by (i) each shareholder known to us to be the beneficial owner of more than 5% of the outstanding shares of our Common Stock; (ii) the Named Executive Officers named in the Summary Compensation Table below; (iii) each of our current directors; and (iv) all of our directors and executive officers as a group. Unless otherwise indicated in the footnotes to the table, all equity amounts set forth in the table are as of February 10, 2021, and the address for each of our directors and executive officers is: c/o MKS Instruments, Inc., 2 Tech Drive, Suite 201, Andover, Massachusetts 01810.

| <u>Name of Beneficial Owners</u> | <u>Number of Shares Beneficially Owned(1)</u> | <u>Percentage of Common Stock Beneficially Owned</u> |
|---|---|--|
| <i>5% shareholders</i> | | |
| BlackRock, Inc. 55 East 52 nd Street New York, NY 10055 | 5,155,288(2) | 9.34% |
| The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355 | 5,088,655(3) | 9.21% |
| Wellington Management Group LLP 280 Congress Street Boston, MA 02210 | 5,056,784(4) | 9.16% |
| Capital International Investors 333 South Hope Street 55th Floor Los Angeles, CA 90071 | 3,803,788(5) | 6.89% |
| <i>Named Executive Officers</i> | | |
| John T.C. Lee | 43,804(6) | * |
| Gerald G. Colella | 98,463(7) | * |
| Seth H. Bagshaw | 35,123(8) | * |
| Kathleen F. Burke | 42,654(9) | * |
| James A. Schreiner | 2,708(10) | * |
| <i>Non-Employee Directors</i> | | |
| Rajeev Batra | 4,094 | * |
| Joseph B. Donahue | - | - |
| Jacqueline F. Moloney | 6,087 | * |
| Elizabeth A. Mora | 13,062 | * |
| Michelle M. Warner | 1,980 | * |
| All directors and executive officers as a group (13 persons) | 256,336(11) | * |

* Represents less than 1% of the outstanding Common Stock.

- (1) We believe that each shareholder has sole voting and investment power with respect to the shares listed, except as otherwise noted. The number of shares beneficially owned by each shareholder is determined under SEC rules, and the information is not necessarily indicative of ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the person has sole or shared voting or investment power and also any shares that the individual has the right to acquire within 60 days after February 10, 2021, subject to the vesting of RSUs or the exercise of any stock option or other right. The

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inclusion herein of any shares of Common Stock deemed beneficially owned does not constitute an admission by such shareholder of beneficial ownership of those shares of Common Stock. Percentage ownership calculations are based on 55,222,068 shares of Common Stock outstanding as of February 10, 2021. Shares of Common Stock which an individual or entity has a right to acquire within the 60-day period following February 10, 2021, pursuant to the vesting of RSUs or the exercise of any stock options or other right, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or entity, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or entity shown in the table.

- (2) Based on information set forth in a Schedule 13G/A filed by BlackRock, Inc. on January 29, 2021, reporting stock ownership as of December 31, 2020. BlackRock, Inc. has sole voting power with respect to 4,979,457 shares and sole investment power with respect to 5,155,288 shares.
- (3) Based on information set forth in a Schedule 13G/A filed by The Vanguard Group, Inc. on February 10, 2021, reporting stock ownership as of December 31, 2020. The Vanguard Group, Inc. has shared voting power with respect to 41,782 shares, sole investment power with respect to 5,004,008 shares and shared investment power with respect to 84,647 shares.
- (4) Based on information set forth in a Schedule 13G/A filed by Wellington Management Group LLP on February 4, 2021, reporting stock ownership as of December 31, 2020. Wellington Management Group LLP has shared voting power with respect to 4,545,158 shares and sole investment power with respect to 5,056,784 shares.
- (5) Based on information set forth in a Schedule 13G/A filed by Capital International Investors, a division of Capital Research and Management Company, on February 16, 2021, reporting stock ownership as of December 31, 2020. Capital International Investors has sole voting power with respect to 3,803,788 shares and sole investment power with respect to 3,803,788 shares.
- (6) Consists of 21,708 shares held directly by Dr. Lee and 22,096 shares subject to RSUs that vest within 60 days after February 10, 2021.
- (7) Consists of one share held directly by Mr. Colella and 98,462 shares held in the name of The Gerald G. Colella Living Trust.
- (8) Consists of 19,288 shares held directly by Mr. Bagshaw and 15,835 shares subject to RSUs that vest within 60 days after February 10, 2021.
- (9) Consists of 34,544 shares held directly by Ms. Burke and 8,110 shares subject to RSUs that vest within 60 days after February 10, 2021.
- (10) Consists of 1,012 shares held directly by Mr. Schreiner and 1,696 shares subject to RSUs that vest within 60 days after February 10, 2021.
- (11) Consists of 207,429 shares held directly or indirectly by such directors and executive officers and 48,907 shares subject to RSUs that vest within 60 days of February 10, 2021.

To our knowledge, there are no voting trusts or similar arrangements among any of the foregoing persons or entities with respect to the voting of shares of Common Stock.

EXECUTIVE OFFICERS

The following is a brief summary of the background of each of our current executive officers, other than Dr. Lee, whose background is described under the heading “Directors” above:

| <u>Name</u> | <u>Age</u> | <u>Background and Qualifications</u> |
|--|------------|--|
| Seth H. Bagshaw, Senior Vice President, Chief Financial Officer and Treasurer | 61 | Mr. Bagshaw has served as our Senior Vice President and Chief Financial Officer since May 2017 and as Treasurer since March 2011. From January 2010 to May 2017, he served as our Vice President and Chief Financial Officer. From March 2006 until January 2010, Mr. Bagshaw served as our Vice President and Corporate Controller. Prior to joining MKS, Mr. Bagshaw served as Vice President and Chief Financial Officer of Vette Corp., an integrated global supplier of thermal management systems, from 2004 until 2006. From 1999 until 2004, Mr. Bagshaw served as Vice President and Corporate Controller of Varian Semiconductor Equipment Associates, Inc., a leading producer of ion implantation equipment used in the semiconductor manufacturing industry, and from 1998 until 1999, he served as Vice President and Chief Financial Officer of Palo Alto Products International, Inc., an industrial design, engineering and manufacturing company, until its acquisition by Flextronics International, Ltd. Prior to that, Mr. Bagshaw held several senior financial management positions at Waters Corporation, a developer of innovative analytical science solutions, most recently as Vice President and Chief Financial Officer of its Asia-Pacific region, and was a Senior Manager at PricewaterhouseCoopers LLP. Mr. Bagshaw has been a member of the Board of Directors of Associated Industries of Massachusetts, a non-profit state-wide employer advocacy and service organization, since 2010 and has served on its Audit Committee since 2014. Mr. Bagshaw is a Certified Public Accountant and has a B.S. in Business Administration from Boston University and an M.B.A. from Cornell University. |
| Kathleen F. Burke, Senior Vice President, General Counsel and Secretary | 56 | Ms. Burke has served as our Senior Vice President and General Counsel since May 2017 and as our Secretary since May 2019. From April 2011 to May 2017, she served as our Vice President and General Counsel, and from January 2005 to May 2019, she served as our Assistant Secretary. From January 2005 to April 2011, Ms. Burke served as our General Counsel, and from February 2004 to January 2005, she served as our Corporate Counsel. Prior to joining MKS, Ms. Burke was a corporate attorney at Wilmer Cutler Pickering Hale and Dorr LLP (formerly Hale and Dorr LLP), a full-service international law firm, from 1994 to 2004. Ms. Burke served as a member of the Board of Directors of the Northeast Chapter of the Association of Corporate Counsel, a global legal association, from 2009 to 2020 and served as the Chapter’s President from 2011 to 2013, and its Vice President from 2010 to 2011 and its Treasurer from 2009 to 2011. Ms. Burke holds a B.A. from Boston College and a J.D. from Boston College Law School. |

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| <u>Name</u> | <u>Age</u> | <u>Background and Qualifications</u> |
|---|------------|--|
| Mark M. Gitin, Senior Vice President and General Manager, Light and Motion Division | 54 | Dr. Gitin has served as our Senior Vice President and General Manager, Light and Motion Division since January 2019. From June 2018 to December 2018, he served as our Vice President and General Manager of the Photonics Business Unit and Instruments and Motion Business Unit, and from September 2017 to December 2018, he served as our Vice President and General Manager of the Photonics Business Unit. Prior to joining MKS, from March 1995 to September 2017, Dr. Gitin held various management positions covering a wide range of technologies at Coherent, Inc., a leading provider of laser solutions and optics for microelectronics, life sciences, industrial manufacturing and scientific markets, including Vice President of Strategic Marketing, Vice President of Business Development and Vice President and General Manager of the Diodes, Fibers and Systems Business Unit. Dr. Gitin holds a B.S. in Electrical Engineering from University of California, Davis and an M.Eng. and Ph.D. in Electrical Engineering from Cornell University. |
| David P. Henry, Senior Vice President, Corporate Marketing, Project Management Office & Global Service | 49 | Mr. Henry has served as our Senior Vice President, Corporate Marketing, Project Management Office and Global Service since November 2020, where he oversees our marketing communications, strategic marketing, ecommerce, project management and global service functions. From January 2020 to November 2020, he served as our Senior Vice President of Corporate Marketing and Project Management Office. From July 2016 to December 2019, Mr. Henry served as our Vice President of Corporate Marketing. From February 2014 to July 2016, he served as our Senior Director of Strategic Marketing. Prior to joining MKS, from December 1999 to February 2014, Mr. Henry served in various managerial and marketing positions at 3M Company, a diversified technology company with a global presence in the safety and industrial, transportation and electronics, health care and consumer businesses. Mr. Henry holds a B.S. in Industrial Engineering from Worcester Polytechnic Institute and an M.B.A. from Bentley College. |
| James A. Schreiner, Senior Vice President and Chief Operating Officer | 59 | Mr. Schreiner has served as our Senior Vice President and Chief Operating Officer since September 2019. From July 2017 to September 2019, he served as the Senior Vice President of Global Operations for the Rosemount Measurement & Analytical Group of Automation Solutions at Emerson Electric Co., a multinational corporation that manufactures products and provides engineering services for a wide range of industrial, commercial, and consumer markets. Mr. Schreiner served in other senior roles at Emerson Electric, including Vice President of North America from March 2016 to July 2017, and Vice President of Europe from November 2010 to March 2016, both for the Rosemount Measurement & Analytical Group at Emerson Electric. Prior to Emerson Electric, Mr. Schreiner served in progressive leadership roles at Plexus Corp., ILX Lightwave Corporation, Tetra Pak and 3M Company. Mr. Schreiner holds a B.S. in Electrical Engineering from Montana State University, Bozeman as well as an Executive M.B.A. from the University of Colorado, Denver. |

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| <u>Name</u> | <u>Age</u> | <u>Background and Qualifications</u> |
|---|------------|---|
| Eric R. Taranto, Senior Vice President and General Manager, Vacuum and Analysis Division | 53 | Mr. Taranto has served as our Senior Vice President and General Manager, Vacuum and Analysis Division since November 2020. From September 2014 to November 2020, he served as our Vice President and General Manager of Business Units in our Vacuum & Analysis Division. In this position, he has managed business units in our Company that primarily serve the semiconductor capital equipment market, including Automation and Control, Mass Spectrometry, Process and Environmental Gas, Integrated Systems, Plasma & Reactive Gas, and Power Solutions. From July 2014 to December 2020, he was also a member of our Office of the Chief Technology Officer (OCTO), and he chaired the OCTO from January 2018 to December 2020. From September 2000 to September 2014, Mr. Taranto served in a range of managerial and senior engineering positions at MKS. From December 1997 to September 2000, he served as a senior engineer for D.I.P. Inc., a digital-control network supplier, until it was acquired by MKS in September 2000. |

Our executive officers are appointed by the Board of Directors on an annual basis and serve until their successors are duly appointed and qualified. There are no family relationships among any of our executive officers or directors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The purpose of this section of our proxy statement is to provide an overview of our executive compensation program, our compensation philosophy and objectives, and the material decisions we made with respect to each element of our executive compensation program.

On January 1, 2020, John T.C. Lee succeeded Gerald G. Colella as Chief Executive Officer and continued to serve as President. Upon Mr. Colella's retirement on January 1, 2020, Mr. Colella continued to serve on our Board of Directors and assumed the role of Chairman of the Board in May 2020.

Throughout this proxy statement, we refer to the "2020 Named Executive Officers" listed below.

| <u>Name</u> | <u>Title</u> |
|--------------------|--|
| John T.C. Lee | President and Chief Executive Officer |
| Gerald G. Colella | Former Chief Executive Officer |
| Seth H. Bagshaw | Senior Vice President, Chief Financial Officer and Treasurer |
| Kathleen F. Burke | Senior Vice President, General Counsel and Secretary |
| James A. Schreiner | Senior Vice President and Chief Operating Officer |

Following this Compensation Discussion and Analysis, you will find a series of tables containing specific information about the compensation earned or paid in 2020 to our 2020 Named Executive Officers. Mr. Colella's Employment Agreement provided Mr. Colella with certain retirement benefits. As a result, we did not make any compensation decisions with respect to Mr. Colella during 2020 as he was not eligible for a salary adjustment or a 2020 cash bonus, and he did not receive any equity awards other than in his capacity as a non-employee director of the Company. For this reason, Mr. Colella is not included in the discussion that follows. We refer to our 2020 Named Executive Officers who did serve through December 31, 2020 as the "Named Executive Officers" throughout the discussion below. References to "2020 Named Executive Officers" include Mr. Colella.

Executive Summary

Our Business

We are a global provider of instruments, systems, subsystems and process control solutions that measure, monitor, deliver, analyze, power and control critical parameters of advanced manufacturing processes to improve process performance and productivity for our customers. Our products are derived from our core competencies in pressure measurement and control, flow measurement and control, gas and vapor delivery, gas composition analysis, electronic control technology, reactive gas generation and delivery, power generation and delivery, vacuum technology, lasers, photonics, optics, precision motion control, vibration control and laser-based manufacturing systems solutions. We also provide services relating to the maintenance and repair of our products, installation services and training. Our primary served markets include semiconductor, industrial technologies, life and health sciences, and research and defense.

Company Performance in 2020

We reported record revenue and operating cash flow in 2020, despite facing unprecedented disruptions resulting from the global COVID-19 pandemic and associated economic headwinds.

Our foremost priority when the COVID-19 pandemic started was the safety and well-being of our global workforce, and it continues to be our main priority. We responded swiftly at the onset of the pandemic and implemented a number of safety precautions for our employees, while also shifting to a "work from home" environment for a significant portion of our workforce. We also remained steadfast in delivering on the needs of our customers during this challenging time. Our team worked tirelessly to ensure continuity of operations by swiftly responding to disruptions at our factories and supply chain partners, while adhering to stringent safety protocols.

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Our strong performance in 2020 was led by robust demand in our Semiconductor Market and a continued recovery in our Advanced Markets. In our Semiconductor Market, our results were a function of broad-based demand from our OEM customers and from our end-user customers. Our results also underscore the increasing importance of our unique Surround the Chamber® strategy, which enabled us to outperform growth in industry Wafer Fab Equipment spending organically by 200 basis points over the past decade.

While MKS' Advanced Markets were negatively impacted by COVID-19 disruptions and economic headwinds, MKS returned to year-over-year organic growth in the second half of 2020, led by a recovery in our Research and Defense Market resulting from the reopening of university and research labs following COVID-19 related shutdowns and—more notably—an acceleration in demand in Advanced Electronics applications, where we are well-positioned with our Surround the Workpiece® portfolio.

In 2020, key results include:

- record revenue of \$2.3 billion, an increase of 23% from \$1.9 billion reported in 2019;
- Semiconductor Market revenue of \$1.4 billion, an increase of 49% from \$929 million reported in 2019, driven by strong demand for semiconductor capital equipment across memory, foundry and logic manufacturing applications;
- Advanced Markets revenue of \$944 million, a decrease of 3% from \$971 million reported in 2019, which was largely due to COVID-19 related headwinds in the first half of 2020. However, Advanced Markets revenue recovered strongly in the second half of 2020, led by increasing demand in Advanced Electronics applications, combined with a recovery in our Research and Defense Market following the reopening of university and research labs;
- net income of \$350 million or \$6.33 per diluted share, compared to net income of \$140 million, or \$2.55 per diluted share, in 2019;
- record operating cash flow of \$513 million, a 110% increase from \$245 million reported in 2019; and
- a return of \$44 million to MKS shareholders in cash dividends.

2020 Compensation Outcomes

Our executive compensation program is designed to reward our Named Executive Officers for performance and to align their interests with those of our shareholders. As a result of our financial results in 2020, our Named Executive Officers received 200% of their target variable cash compensation tied to non-GAAP operating income and 144% of their target performance-based equity compensation tied to non-GAAP EBITDA. We believe these financial performance metrics are important to our shareholders because each is an indicator of how well we manage the operations and profitability of our Company. The successful alignment of our financial performance goals with our incentive payout opportunities for 2020 is evidenced by the fact that both our annual cash incentive plan and our performance-based equity awards paid out above target in a year where our Company achieved record revenue and operating cash flow and we achieved net income of \$350 million compared to \$140 million in 2019.

Consideration of 2020 Advisory Vote on Executive Compensation

At our 2020 Annual Meeting of Shareholders, held on May 11, 2020, we submitted to our shareholders an advisory vote on executive compensation. Although annual advisory “say-on-pay” votes are non-binding, our Compensation Committee has considered, and will continue to consider, the outcome of this vote each year when making compensation decisions for our Named Executive Officers. At the 2020 Annual Meeting, our shareholders overwhelmingly approved our executive compensation, with approximately 98.3% of the votes cast voting in favor of the “say-on-pay” proposal.

The Compensation Committee considered the results of the 2020 say-on-pay vote, and based upon the strong shareholder support, does not believe that our executive compensation program requires material changes. However, when the Compensation Committee evaluated our executive compensation program in 2020, it undertook a comprehensive review of the perquisites we offered to our executive officers, including a market analysis of the current practices of our peer group. Based on this market analysis, the Compensation Committee elected to discontinue perquisites, as described under “Elements of Compensation — Perquisites” below. The Compensation Committee will continue to consider the views of our shareholders in connection with our executive compensation program and will consider changes based upon evolving best practices, market compensation information and changing regulatory requirements. The Compensation Committee believes that the 2020 shareholder vote was an endorsement of our compensation and pay decisions made in relation to our performance.

Compensation Philosophy and Objectives

The primary objectives of our executive compensation program are to:

- attract and retain high caliber executive talent;
- motivate and reward the attainment of short-term objectives that drive long-term value; and
- foster long-term alignment of executive and shareholder interests.

We target each of the various compensation elements, including base salary, annual cash incentive compensation, and long-term equity incentive compensation, to be within a competitive range around median levels for the individual position in the market. The competitive range is considered alongside other key factors when setting compensation levels, and final values may range from approximately the 25th percentile to approximately the 75th percentile, as appropriate. In considering the compensation of our Named Executive Officers relative to the market, we also look qualitatively at the individual’s overall performance, tenure and potential contributions to MKS’ ongoing growth. Currently, all of our Named Executive Officers are paid within the competitive range of our peer group, with the exception of our Chief Executive Officer, who, as a newly appointed chief executive officer, is paid outside of the competitive range of our peer group but above the 25th percentile.

Base salaries are designed to provide executives with a level of predictability and stability with respect to a portion of their total compensation package. Base salaries are a relatively small component in the overall pay packages of our Named Executive Officers because we believe the significant majority of executive compensation should be variable and based on performance.

Our annual cash incentive compensation program is designed to reward the attainment of short-term earnings goals that drive the long-term growth of MKS. We believe that our program goals are aligned with significant value creation, and that our plan creates a strong link between pay and performance while providing meaningful incentive for our Named Executive Officers to exceed our financial goals.

We provide our Named Executive Officers with long-term equity incentive compensation in the form of restricted stock units, or RSUs, approximately half of which are performance-based, in order to:

- foster long-term alignment of executive and shareholder interests;
- balance the short-term focus on annual cash incentive compensation with creating long-term shareholder value;
- reward strong operational performance; and
- retain executives by providing equity-based compensation that generally vests over a three-year period.

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In order to further underscore our compensation values, and enhance the efficacy of our pay programs, we have also implemented the following practices:

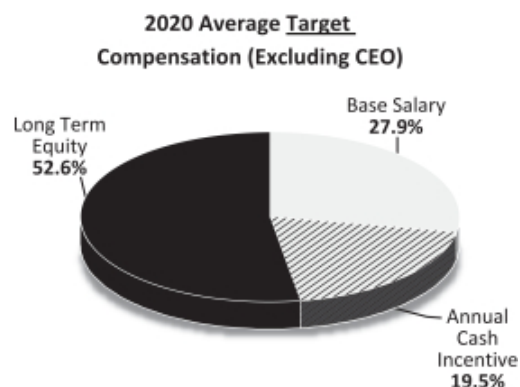
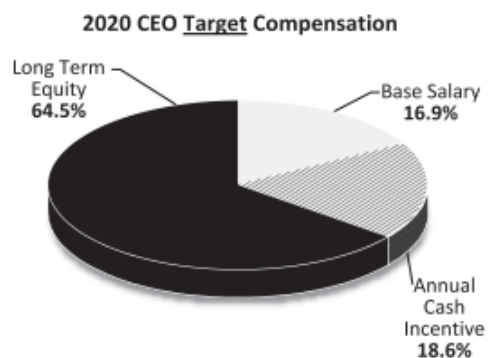
What We Do

- ✓ Offer a balanced compensation program designed to align with our business strategy, market practices and shareholder interests
- ✓ Provide maximum payout caps under incentive plans
- ✓ Conduct robust annual reviews and validation of our peer group
- ✓ Conduct annually a comprehensive risk assessment of compensation programs
- ✓ Have a clawback policy for incentive-based compensation
- ✓ Provide change-in-control benefits only upon a qualified termination of employment
- ✓ Review prior levels of compensation when making executive compensation decisions
- ✓ Have stock ownership guidelines
- ✓ Have a fully independent Compensation Committee
- ✓ Utilize an independent compensation consultant
- ✓ Implementing a plan to eliminate perquisites altogether

What We Do Not Do

- x No repricing of underwater options without shareholder approval
- x No hedging or pledging of MKS shares
- x No incentives for excessive risk taking
- x No excessive perquisites

The following charts show the components of total target compensation for our Chief Executive Officer and our other Named Executive Officers as a group for 2020.



When the Compensation Committee met in July 2019 to review peer companies to be used to determine 2020 executive compensation, the Committee elected to remove the following six companies: Cypress Semiconductor Corp. and Finisar Corp., which were in the process of being acquired, Advanced Energy Industries, Inc. and Kulicke and Soffa Industries, Inc., which were below our targeted revenue range and had

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negative forecasted growth, and Plantronics, Inc. and Viavi Solutions Inc., which had lower revenue and a different business focus. To replace them, the Compensation Committee elected to add the following five companies: II-VI Incorporated, IPG Photonics Corporation, Skyworks Solutions, Inc., Trimble Inc. and Zebra Technologies Corporation. The 17 peer companies are U.S. publicly traded companies that were primarily selected based on similar industry and size. Similar size companies were generally considered if such companies had a revenue range relative to our trailing 12-month revenue as of June 30, 2019 between approximately .5 to 2.5 times and a market capitalization range relative to our market capitalization as of June 30, 2019 between approximately .3 and 3 times. The Compensation Committee also considered secondary factors including other relevant peer groups, commonality of peers, other performance considerations and whether a company is a competitor for talent. Publicly available compensation data from the following comparable peer companies was used in determining executive compensation for 2020:

| | |
|-----------------------------|---|
| AMETEK, Inc. | KLA Corporation (formerly KLA-Tencor Corporation) |
| Amkor Technology Inc. | Lumentum Holdings Inc. |
| Brooks Automation, Inc. | National Instruments Corporation |
| Coherent, Inc. | Sensata Technologies Holding plc |
| Entegris, Inc. | Skyworks Solutions, Inc. |
| FLIR Systems, Inc. | Teradyne, Inc. |
| II-VI Incorporated | Trimble Inc. |
| IPG Photonics Corporation | Zebra Technologies Corporation |
| Keysight Technologies, Inc. | |

In certain instances where robust proxy benchmark data was not available, our Compensation Committee utilized size and industry-appropriate broad survey data from the 2020 Radford Global Technology Survey.

Elements of Compensation

The following summarizes the compensation elements for our Named Executive Officers:

Base Salary

When our Compensation Committee set 2020 annual executive compensation in February 2020, it approved a salary increase of approximately 6% for each of Mr. Bagshaw, our Senior Vice President, Chief Financial Officer and Treasurer, and Ms. Burke, our Senior Vice President, General Counsel and Secretary, and a salary increase of approximately 3% for Mr. Schreiner, our Senior Vice President and Chief Operating Officer, who had recently joined our Company in September 2019. These increases were based on the compensation data collected from our peer group and took effect on March 22, 2020. The 2020 salary for Dr. Lee, our President and Chief Executive Officer, was set by the Compensation Committee in October 2019 in connection with his promotion to Chief Executive Officer effective January 1, 2020.

Listed below is the base salary for Dr. Lee, our President and Chief Executive Officer, in 2019 and 2020.

| <u>Chief Executive Officer</u> | <u>2019 Base Salary</u> | <u>2020 Base Salary</u> | <u>Percentage Increase</u> |
|--------------------------------|-------------------------|-------------------------|----------------------------|
| John T.C. Lee | \$565,000 | \$850,000 | 50.4% |

Listed below are the base salaries for our other Named Executive Officers in 2019 and 2020.

| <u>Other Named Executive Officers</u> | <u>2019 Base Salary</u> | <u>2020 Base Salary</u> | <u>Percentage Increase</u> |
|---------------------------------------|-------------------------|-------------------------|----------------------------|
| Seth H. Bagshaw | \$530,000 | \$563,000 | 6.2% |
| Kathleen F. Burke | \$420,000 | \$446,000 | 6.2% |
| James A. Schreiner | \$400,000 | \$410,000 | 2.5% |

Annual Cash Incentive Compensation

For 2020, the Compensation Committee did not make any changes to our annual cash incentive program compared to 2019. Under our annual cash incentive plan, each Named Executive Officer was eligible to receive a performance bonus based on a specified percentage of eligible earnings, which is defined as eligible W-2 earnings received during the 2020 calendar year (i.e., base salary, including regular, holiday, vacation and sick pay, but excluding bonus payments). Bonus payouts in 2020 were based entirely on non-GAAP operating income after bonus and excluded any charges or income not related to the operating performance of the Company.

In 2020, payouts under the annual cash incentive plan were determined by multiplying a Named Executive Officer's "Target Bonus Amount" by the Company's percentage achievement of the financial performance objective, each as discussed below. Target Bonus Amount is the amount determined by multiplying each Named Executive Officer's eligible earnings in 2020 by the Target Bonus Percentages determined by our Compensation Committee each year. In October 2019, our Compensation Committee approved a 15% increase in Dr. Lee's Target Bonus Percentage effective for 2020 in connection with his promotion to Chief Executive Officer. When our Compensation Committee set 2020 annual executive compensation in early 2020, it approved a 5% increase in the Target Bonus Percentage for Mr. Bagshaw and Ms. Burke. Mr. Schreiner, who had recently joined the Company, did not receive an increase in his Target Bonus Percentage.

Listed below is the 2020 Target Bonus Percentage for each Named Executive Officer.

| <u>Named Executive Officer</u> | <u>2020 Target Bonus Percentage</u> |
|--------------------------------|-------------------------------------|
| John T.C. Lee | 110% |
| Seth H. Bagshaw | 85% |
| Kathleen F. Burke | 65% |
| James A. Schreiner | 65% |

In 2020, our Compensation Committee approved goals and associated incentive payout opportunities related to our 2020 non-GAAP operating income performance. As we operate in the highly cyclical semiconductor market, our Compensation Committee views it of paramount importance to set financial performance goals that are rigorous but attainable given the outlook for the semiconductor market and the other markets in which we serve for the coming year. The successful alignment of our financial performance goals with our incentive payout opportunities for 2020 is evidenced by the fact that our annual cash incentive plan paid out above target in a year where we had record revenue and operating cash flow and we increased net income by 150% as compared to 2019.

In 2020, participants in the annual cash compensation plan would not receive any portion of their Target Bonus Amount if non-GAAP operating income for the Company (excluding the Equipment and Solutions Division) was less than \$182.0 million, or the "Threshold Bonus Amount." Participants would receive 50% of their Target Bonus Amount if such non-GAAP operating income was \$182.0 million, would receive 100% of their Target Bonus Amount if such non-GAAP operating income was \$364.0 million, and would receive the maximum 200% if such non-GAAP operating income was \$396.6 million or more, with proportional payments for achievement in between these levels. If non-GAAP operating income before the calculation of bonus was greater than the Threshold Bonus Amount, but the inclusion of the bonus would result in an amount lower than the Threshold Bonus Amount, then only the portion of pre-bonus operating income above the Threshold Bonus Amount would be payable to participants on a pro rata basis. In 2020, non-GAAP operating income was \$491.3 million. As a result, participants were eligible to receive 200% of their Target Bonus Amounts under this formula. The 2020 non-GAAP operating income excludes restructuring charges, acquisition and integration costs, amortization of intangible assets, asset impairment costs as a result of the write-down of long-lived assets related to the pending closure of a facility in Europe and an inventory charge related to the exit of certain product groups.

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Listed below are our Named Executive Officers' earned cash bonus payouts for 2020.

| <u>Named Executive Officer</u> | <u>Cash Payout</u> | <u>Payment as a Percent of Target</u> |
|--------------------------------|--------------------|---------------------------------------|
| John T.C. Lee | \$1,917,808 | 200% |
| Seth H. Bagshaw | \$ 977,888 | 200% |
| Kathleen F. Burke | \$ 592,594 | 200% |
| James A. Schreiner | \$ 549,750 | 200% |

Our Compensation Committee has the authority to make other cash bonus awards to our executive officers as it deems appropriate. In May 2020, in recognition of the extraordinary efforts managing our business during the COVID-19 pandemic, the members of our COVID-19 response team, including our Named Executive Officers, were awarded discretionary cash bonuses. Our COVID-19 response team's top priority during the pandemic has been and continues to be protecting the health and safety of our employees and their families, our customers and our community. The commitment to this effort was evidenced by the extensive planning and numerous actions this team swiftly took to respond to the pandemic, including the development and implementation of an infectious disease playbook, a work from home program, health check protocols and screenings for all employees working on site, new process workflows at physical sites to ensure reduced contact for employees working on site, contact tracing processes and protocols, quarantining and testing protocols, travel guidelines and protocols to ensure employees who must travel for work can do so safely, and phased return-to-work plans and approval processes to enable non-manufacturing employees to return to work when permitted by local government regulations. As members of our COVID-19 response team, our Named Executive Officers received the following discretionary cash bonuses, grossed up for taxes:

| <u>Named Executive Officer</u> | <u>Cash Payout(1)</u> |
|--------------------------------|-----------------------|
| John T.C. Lee | \$15,000 |
| Seth H. Bagshaw | \$10,000 |
| Kathleen F. Burke | \$10,000 |
| James A. Schreiner | \$10,000 |

(1) The actual amounts paid were as follows: Dr. Lee-\$30,921, Mr. Bagshaw-\$19,715, Ms. Burke-\$19,715, and Mr. Schreiner-\$14,121.

Incorporation of Profit Improvement Bonus Plan for Calendar Years Beginning in 2020

In February 2020, our Board of Directors, upon the recommendation of our Compensation Committee, approved a profit improvement component to our annual cash incentive plan designed to incentivize profitability improvements during cyclical downturns in our business. Individuals who are eligible to participate in our annual incentive bonus plan are also eligible for the profit improvement cash bonus plan. In order to receive any payout under this plan, MKS must achieve specified profit enhancements or cost reductions by the end of the applicable calendar year. A participant's maximum bonus under this plan is 25% of his or her Target Bonus Amount (using the same definition as used in our annual cash incentive plan). Participants are only eligible to receive a payout under the profit improvement cash bonus plan if the participant receives less than 100% of his or her Target Bonus Amount under our annual incentive bonus plan, and any payout under the profit improvement cash bonus plan is capped such that the combined payout under our annual incentive bonus plan and under the profit improvement cash bonus plan will not exceed an amount equal to 100% of the participant's Target Bonus Amount under our annual incentive bonus plan. In 2020, our Named Executive Officers were not eligible to receive any payouts under the profit improvement cash bonus plan because our annual incentive bonus plan paid out at over 100%.

Our Compensation Committee did not make any design changes to our annual cash incentive program for 2021 except that the financial performance of the Company's Equipment and Solutions Division, which division was formed as a result of the Company's acquisition of Electro Scientific Industries, Inc., will no longer be excluded.

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Long-Term Equity Incentive Compensation

When our Compensation Committee set 2020 annual executive compensation in early 2020, it awarded the following time-based and performance-based RSUs to our Named Executive Officers. These RSUs vest in three equal annual installments. The performance-based RSUs are subject to a one-year performance metric described below.

| Named Executive Officer | Grant Date Value of Performance-Based RSUs(1) | Number of Performance-Based RSUs(1) | Grant Date Value of Time-Based RSUs | Number of Time-Based RSUs |
|--------------------------------|--|--|--|----------------------------------|
| John T.C. Lee | \$ 1,787,500 | 15,697.73 | \$ 1,462,500 | 12,843.59 |
| Seth H. Bagshaw | \$ 948,750 | 8,331.87 | \$ 776,250 | 6,816.98 |
| Kathleen F. Burke | \$ 437,500 | 3,842.10 | \$ 437,500 | 3,842.10 |
| James A. Schreiner | \$ 237,500 | 2,085.71 | \$ 237,500 | 2,085.71 |

(1) Grant date value of performance-based RSUs and corresponding number of RSUs assuming 100% achievement. Achievement is capped at 150%.

With respect to performance-based RSUs, our goal is to select a Company financial performance metric that best aligns with our Company objectives. Prior to 2020, our Company financial performance metric for performance-based RSUs was non-GAAP cash flow from operations (defined as net income plus depreciation, amortization and non-cash stock-based compensation and excluding any charges or income not related to the operating performance of the Company) set at varying revenue levels. For 2020, the Compensation Committee elected to change our Company financial performance metric from non-GAAP cash flow from operations to non-GAAP EBITDA (defined as the Company's GAAP operating income excluding any charges or income not related to the operating performance of the Company plus depreciation and stock compensation expense). The rationale for this change was to remove the impact of taxes, interest and other non-operating costs from the measure of how effectively we manage the operations of our Company, while continuing to recognize the cyclical nature of the markets we serve, as well as to drive continued improvement in our Company's operating model independent of revenue levels.

We use RSUs as our form of equity incentive compensation because we believe RSUs help to ensure that our executive officers' interests are aligned with our shareholders' interests in both a rising and a declining stock market. We believe RSUs are preferable to options, which have a relatively high accounting cost as compared to their potential value to the executive officer, and are also preferable to restricted stock, which gives the executive officer voting and dividend rights prior to full vesting. Also, because RSUs are worth more than options on the date of grant, we are able to grant fewer of these as compared to options, resulting in less dilution to shareholders' holdings.

In 2020, our Named Executive Officers would have forfeited all of their performance-based RSUs if our non-GAAP EBITDA was less than \$302.8 million at a revenue level of \$1.85 billion, or if such non-GAAP EBITDA was less than \$485.6 million at a revenue level of \$2.5 billion (with intermediate non-GAAP EBITDA minimum thresholds at different revenue levels in between). However, if we did achieve these non-GAAP EBITDA threshold levels at the respective revenue levels identified, our Named Executive Officers would receive 50% of their target performance-based RSUs. If our non-GAAP EBITDA was at or above \$409.0 million at a revenue level of \$1.85 billion, or was at or above \$655.0 million at a revenue level of \$2.5 billion (with proportional thresholds in between), then our Named Executive Officers would receive the maximum of 150% of their target performance-based RSUs. Proportional achievement levels would be made for non-GAAP EBITDA between the minimum and maximum levels. In 2020, because our revenue was \$2.3 billion and our non-GAAP EBITDA was \$601.4 million, after excluding restructuring charges, acquisition and integration costs, amortization of intangible assets, depreciation of fixed assets, stock-based compensation expense, COVID-19 related costs and credits that consisted of payroll-tax credits for maintaining our workforce during the pandemic offset by shift premiums and bonuses, asset impairment costs as a result of the write-down of long-lived assets related to the pending closure of a facility in Europe and an inventory charge related to the exit of certain product

groups, our Named Executive Officers received 144% of their target performance-based RSUs. These performance-based RSUs, along with the time-based RSUs granted to our Named Executive Officers, vest in equal annual installments over three years from the original date of grant.

It is our practice to make an initial equity-based grant to all of our Named Executive Officers at the time they commence employment in an amount that is consistent with amounts granted to other executive officers in the industry at similar levels of seniority. In addition, we typically make an annual grant of equity-based compensation to our Named Executive Officers during the first fiscal quarter of each year. Discretionary equity-based awards may also be made throughout the year to provide an incentive to achieve a specific goal or to reward a significant achievement or for other reasons that the Compensation Committee determines. Our Compensation Committee did not make any discretionary equity-based awards to our Named Executive Officers in 2020. Our Compensation Committee did not make any design changes to our 2021 annual equity incentive program except for increasing the performance-based RSU achievement cap from 150% of target to 200% of target. This change was made after our Compensation Committee, with the assistance of its independent compensation consultant, undertook a market analysis of the current practices of our peer group and determined the 150% cap was below market practice.

Perquisites

Historically, we offered certain perquisites to our executive officers, including our Named Executive Officers, to allow executives to focus on corporate strategy and enhancing shareholder value and to provide competitive pay packages. These perquisites included a company-leased car or car allowance, company paid health and life insurance, reimbursement of certain out-of-pocket healthcare costs, golf club memberships, financial planning benefits and executive physicals. We believed offering these benefits was important to maintaining a competitive position in attracting and retaining key personnel and these benefits were consistent with market practices.

In 2020, our Compensation Committee undertook a comprehensive review of the perquisites we offered to our executive officers, including a market analysis of the current practices of our peer group. Based on this market analysis, our Compensation Committee elected to discontinue perquisites effective December 31, 2020, with the exception that any Named Executive Officer could retain a company-leased car until the expiration of the lease to avoid lease cancellation costs. To recognize the elimination of perquisites, a one-time adjustment was made when determining 2021 base salaries and, for any Named Executive Officer whose lease is set to expire at some future date, a subsequent adjustment will be made to his or her base salary in the year after such lease expiration. Our Compensation Committee believes the discontinuation of perquisites allows us to simplify and more consistently align our compensation and benefits offerings with other employees, while placing greater focus on performance-based compensation.

Severance and Change-in-Control Provisions

Each of our Named Executive Officers is entitled to certain payments and benefits in the event his or her employment terminates under specified circumstances as described in the applicable agreement. In exchange for these payments and benefits, each Named Executive Officer is restricted from competing with the Company during and following his or her termination of employment for a twelve-month period. In addition, RSU agreements with our Named Executive Officers provide for acceleration of vesting in the event the executive's employment is terminated without cause or the executive resigns for good reason within 24 months after a change-in-control. The severance and change-in-control provisions are designed to be competitive in the marketplace, to provide security for our Named Executive Officers in the event that we are acquired and his or her respective position is impacted and to provide an incentive for the Named Executive Officer to stay with us through such a change-in-control event. These provisions are also intended to protect us from competitive harm, by compensating our Named Executive Officers for agreeing to substantial non-compete provisions after employment termination. See "Executive Compensation Tables — Potential Payments Upon Termination or Change-in-Control" for more information about these agreements.

Compensation of our Chief Executive Officer

We entered into an employment agreement with Dr. Lee upon his becoming Chief Executive Officer in October 2019. The terms of Dr. Lee's employment agreement reflected his role as the leader of our Company and the experience he brought to the position having served more than 13 years in various roles at MKS. For a detailed discussion of the material compensation terms of Dr. Lee's employment agreement, including all amendments to this employment agreement, see "Executive Compensation Tables — Potential Payments Upon Termination or Change-in-Control."

Compensation of our Other Named Executive Officers

We have entered into employment agreements with each of our other Named Executive Officers. For a detailed discussion of the material compensation terms of these executive employment agreements, including all amendments to these employment agreements, see "Executive Compensation Tables — Potential Payments Upon Termination or Change-in-Control."

Compensation Consultant

We engage a compensation consultant to serve as an independent advisor to the Compensation Committee regarding compensation for our directors and our executive officers. The Compensation Committee utilizes the compensation consultant in the following ways:

- to provide the Compensation Committee with occasional consultation regarding compensation strategies and programs;
- to review our peer group to determine the appropriateness of its composition;
- to conduct formal competitive compensation analysis for the Compensation Committee regarding our directors and each executive officer, on a position-by-position basis, in comparison to similarly situated executive officers in our peer group using benchmarking data; and
- to assist the Compensation Committee with conducting a risk assessment of the Company's compensation policies and practices.

Since May 2019, the Compensation Committee has engaged Pearl Meyer as its compensation consultant. The Compensation Committee has determined that the engagement of Pearl Meyer as a compensation consultant does not raise any conflicts of interest with MKS.

Role of our Chief Executive Officer

Our Chief Executive Officer reviews with the Compensation Committee the performance of all other Named Executive Officers and makes recommendations relating to compensation of such executive officers. Management develops proposed company financial goals for review and approval by the Compensation Committee for the annual cash incentive plan and long-term performance-based equity incentive compensation, develops proposals relating to potential changes in compensation programs for review and approval by the Compensation Committee and provides the Compensation Committee and its advisors with information necessary to evaluate and implement compensation proposals and programs. Our Chief Executive Officer does not participate in discussions regarding his own compensation.

Governance Policies

Stock Ownership Guidelines

The Stock Ownership Guidelines, which are applicable to members of the Board of Directors, the Chief Executive Officer and any other person who is or was a named executive officer while the guidelines are effective, provide that:

- Non-employee members of the Board of Directors shall own at least the lesser of (i) 4,000 shares of the Company's Common Stock or (ii) the number of shares of the Company's Common Stock equal in value to five times the annual retainer for Board service (exclusive of any compensation for committee service, meeting fees, leadership roles and the like).
- The Chief Executive Officer shall own at least the lesser of (i) 50,000 shares of the Company's Common Stock or (ii) the number of shares of the Company's Common Stock with a value equal to five times his or her annual base salary (excluding any bonus, award or special compensation).
- Other Named Executive Officers shall own at least the lesser of (i) 10,000 shares of the Company's Common Stock or (ii) the number of shares of the Company's Common Stock with a value equal to two times his or her annual base salary (excluding any bonus, award or special compensation).

These guidelines are based, in each case, on values in effect as of December 31 of the applicable year. The Stock Ownership Guidelines provide for a phase-in period over five years to achieve the respective ownership goals. All Named Executive Officers and directors were in compliance with the Stock Ownership Guidelines as of December 31, 2020.

Clawback Policy

Our Clawback Policy, which is applicable to incentive-based compensation (specifically our cash incentive plan and our performance-based RSUs) that is awarded to our current and former executive officers, provides that in the event we are required to prepare an accounting restatement due to material noncompliance with financial reporting requirements, we will use reasonable efforts to recover any amount in excess of what would have been paid to such executive officers (or such former executive officers) under the accounting restatement for any such incentive-based compensation during the three-year period preceding the restatement.

Prohibition on Hedging and Pledging

Our Insider Trading Policy prohibits any of our directors or employees from engaging in transactions involving financial instruments that are designed to hedge or offset any decrease in the market value of our securities (including pre-paid variable forward contracts, equity swaps, collars and exchange funds), and prohibits such individuals from purchasing our securities on margin or pledging such securities as collateral for a loan.

Impact of Tax on Executive Compensation

Impact of ASC 718

We account for stock-based compensation in accordance with the requirements of ASC 718. The Compensation Committee considers the impact of ASC 718 on our use of equity incentives as a key retention tool. The Compensation Committee regularly reviews its choice of equity incentives, taking into account both tax and accounting considerations.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the “Compensation Discussion and Analysis” required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the Committee recommended to the Board of Directors that the “Compensation Discussion and Analysis” be included in this proxy statement.

Respectfully submitted,

Elizabeth A. Mora, Chair
Rajeev Batra
Jacqueline F. Moloney

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table for 2020

The following table sets forth the aggregate amounts of compensation earned by our Named Executive Officers in the years ended December 31, 2020, 2019 and 2018. On January 1, 2020, Mr. Colella retired as our Chief Executive Officer.

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards \$(5) | Non-Equity Incentive Plan Compensation \$(6) | Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(7) | All Other Compensation \$(8) | Total (\$) |
|---|------|--------------|---------------|--------------------|--|---|------------------------------|---------------|
| John T.C. Lee, President and Chief Executive Officer (principal executive officer) | 2020 | \$ 850,000 | \$ 30,921(3) | \$ 3,250,000 | \$ 1,917,808 | \$ - | \$ 78,297 | \$ 6,127,026 |
| | 2019 | \$ 565,000 | \$ - | \$ 1,650,000 | \$ 487,778 | \$ - | \$ 62,734 | \$ 2,765,512 |
| | 2018 | \$ 543,585 | \$ 50,496(4) | \$ 1,475,000 | \$ 520,104 | \$ - | \$ 70,898 | \$ 2,660,083 |
| Gerald G. Colella, Former Chief Executive Officer | 2020 | \$ 4,000(2) | \$ - | \$ 200,000 | \$ - | \$ - | \$ 219,777 | \$ 423,777 |
| | 2019 | \$ 1,040,000 | \$ - | \$ 4,250,000 | \$ 1,134,000 | \$ 3,180,682 | \$ 68,017 | \$ 9,672,699 |
| | 2018 | \$ 1,000,000 | \$ 119,192(4) | \$ 4,000,000 | \$ 1,227,681 | \$ 3,855,922 | \$ 64,141 | \$ 10,266,936 |
| Seth H. Bagshaw, Sr. Vice President, Chief Financial Officer and Treasurer (principal financial officer) | 2020 | \$ 555,736 | \$ 19,715(3) | \$ 1,725,000 | \$ 977,888 | \$ - | \$ 68,991 | \$ 3,347,330 |
| | 2019 | \$ 530,000 | \$ - | \$ 2,650,000 | \$ 385,280 | \$ - | \$ 64,863 | \$ 3,630,143 |
| | 2018 | \$ 510,000 | \$ 40,728(4) | \$ 1,400,000 | \$ 419,606 | \$ - | \$ 60,628 | \$ 2,430,962 |
| Kathleen F. Burke, Sr. Vice President, General Counsel and Secretary(1) | 2020 | \$ 440,394 | \$ 19,715(3) | \$ 875,000 | \$ 592,594 | \$ - | \$ 55,870 | \$ 1,983,573 |
| | 2019 | \$ 420,000 | \$ - | \$ 1,300,000 | \$ 229,005 | \$ - | \$ 55,374 | \$ 2,004,379 |
| James A. Schreiner Sr. Vice President and Chief Operating Officer(1) | 2020 | \$ 407,769 | \$ 14,121(3) | \$ 475,000 | \$ 549,750 | \$ - | \$ 75,745 | \$ 1,522,385 |

- (1) Under the applicable rules of the SEC, (i) Ms. Burke was not an executive officer in 2018 and (ii) Mr. Schreiner, who joined the Company in 2019, was not an executive officer in 2019. Accordingly, their compensation is not included with respect to such years.
- (2) Represents one day of pay that Mr. Colella earned in 2020.
- (3) Represents a discretionary cash bonus made in recognition of extraordinary efforts managing the Company's business during the COVID-19 pandemic.
- (4) Represents a discretionary cash bonus equal to 10% of the Named Executive Officer's 2018 Target Bonus Amount for achieving significant cost savings in the second half of 2018 in response to a slowdown in the Company's semiconductor business for this period.
- (5) Represents the aggregate grant date fair value for each RSU granted to the executive officer during the covered year, calculated in accordance with ASC 718. The assumptions used in determining the aggregate grant date fair values of awards are set forth in Note 17 to our consolidated financial statements, which were included in our Annual Report on Form 10-K that was filed with the SEC on February 23, 2021. The amounts under the "Stock Awards" column do not reflect the amount of compensation actually received by the Named Executive Officers during the fiscal year. Except with respect to Mr. Bagshaw and Ms. Burke for stock awards granted in 2019 and Mr. Colella for stock awards granted in 2020, at least fifty percent of the

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values listed under “Stock Awards” represent performance-based RSUs which are valued at the grant date based upon the probable outcome of the performance metrics. The maximum value of the RSUs, assuming the highest level of performance is achieved for the performance-based portion of the RSUs, was as follows for 2020, 2019 and 2018:

| Named Executive Officer | 2020 | | 2019 | | 2018 | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Maximum | Actual | Maximum | Actual | Maximum | Actual |
| Dr. Lee | \$4,143,750 | \$4,036,500 | \$2,125,000 | \$1,479,000 | \$1,843,750 | \$1,489,750 |
| Mr. Colella | N/A | \$ 200,000 | \$5,375,000 | \$3,845,000 | \$5,125,000 | \$4,045,000 |
| Mr. Bagshaw | \$2,199,375 | \$2,142,450 | \$3,125,000 | \$2,479,000 | \$1,775,000 | \$1,415,000 |
| Ms. Burke | \$1,093,750 | \$1,067,500 | \$1,500,000 | \$1,228,000 | N/A | N/A |
| Mr. Schreiner | \$ 593,750 | \$ 579,500 | N/A | N/A | N/A | N/A |

With respect to stock awarded to Mr. Bagshaw and Ms. Burke in 2019, in addition to such executive officer’s annual stock award, which was at least fifty percent performance-based RSUs, each received a time-based retention RSU award valued at \$1,000,000 and \$500,000, respectively, on the date of grant, to incentivize their continued services during a time of significant transition of the management team. These awards vest in two equal installments on the second and third anniversary of the date of grant.

With respect to stock awarded to Mr. Colella in 2020, under our director compensation program, Mr. Colella received an automatic grant of RSUs on the date of the 2020 Annual Meeting of Shareholders, with a grant date value of \$200,000, which RSUs shall vest in full on the day prior to the 2021 Annual Meeting. See “Director Compensation — Equity Compensation” above for further information.

- (6) Each Named Executive Officer’s annual cash performance bonus for 2020, 2019 and 2018 was calculated based on a specified target percentage of his or her eligible earnings for the relevant plan year. The threshold bonus payout was 50% of this individual target bonus percentage and the maximum payout was 200% of this individual target bonus percentage, with proportional payouts for performance between these levels. Bonus payments were based on the achievement of non-GAAP operating income (defined as GAAP operating income after bonus and excluding any charges or income not related to the operating performance of the Company) for the 2020, 2019 and 2018 fiscal years (excluding the Equipment and Solutions Division with respect to 2020 and 2019, which division was created after the Company acquired Electro Scientific Industries, Inc. in February 2019). The individual target bonus percentage and the actual bonus achieved for each of the Named Executive Officers were as follows:

| Named Executive Officer | 2020 | | 2019 | | 2018 | |
|-------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | Individual Target Bonus % | Annual Bonus Plan Achievement | Individual Target Bonus % | Annual Bonus Plan Achievement | Individual Target Bonus % | Annual Bonus Plan Achievement |
| Dr. Lee | 110% | 200% | 95% | 91% | 93.1% | 103% |
| Mr. Colella | N/A | N/A | 120% | 91% | 120% | 103% |
| Mr. Bagshaw | 85% | 200% | 80% | 91% | 80% | 103% |
| Ms. Burke | 65% | 200% | 60% | 91% | N/A | N/A |
| Mr. Schreiner | 65% | 200% | N/A | N/A | N/A | N/A |

- (7) Mr. Colella’s employment agreement provided for supplemental retirement benefits. For 2019 and 2018, the amount listed represented the actuarial increase in present value from the prior fiscal year. In connection with his retirement as Chief Executive Officer and pursuant to the terms of his employment agreement, on July 2, 2020, Mr. Colella received the lump sum payment of \$21,618,074, which represented the accumulated earnings under his supplemental retirement plan.

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- (8) Executives were eligible to receive payments for car-related expenses, golf club memberships, certain health and disability benefits and 401(k) match. Certain of these perquisites were eliminated as of December 31, 2020, as described under “Executive Compensation — Compensation Discussion and Analysis — Elements of Compensation — Perquisites.” The amounts paid for such benefits consisted of the following:

| Named Executive Officer | Year | Auto | Club Membership | Health & Disability Benefits | 401(k) Match | Other |
|-------------------------|------|-----------|-----------------|------------------------------|--------------|------------|
| Dr. Lee | 2020 | \$ 18,238 | \$ 8,714 | \$ 42,795 | \$ 8,550 | \$ - |
| | 2019 | \$ 14,609 | \$ 6,970 | \$ 32,755 | \$ 8,400 | \$ - |
| | 2018 | \$ 13,999 | \$ 6,760 | \$ 41,889 | \$ 8,250 | \$ - |
| Mr. Colella | 2020 | \$ - | \$ - | \$ 23,077 | \$ 2,123 | \$ 194,577 |
| | 2019 | \$ 19,789 | \$ 6,970 | \$ 32,858 | \$ 8,400 | \$ - |
| | 2018 | \$ 16,639 | \$ 6,760 | \$ 31,618 | \$ 8,250 | \$ 874 |
| Mr. Bagshaw | 2020 | \$ 12,640 | \$ 8,873 | \$ 38,928 | \$ 8,550 | \$ - |
| | 2019 | \$ 12,332 | \$ 6,970 | \$ 37,161 | \$ 8,400 | \$ - |
| | 2018 | \$ 9,994 | \$ 6,760 | \$ 35,624 | \$ 8,250 | \$ - |
| Ms. Burke | 2020 | \$ 15,526 | \$ - | \$ 31,794 | \$ 8,550 | \$ - |
| | 2019 | \$ 14,287 | \$ - | \$ 32,687 | \$ 8,400 | \$ - |
| Mr. Schreiner | 2020 | \$ 11,481 | \$ - | \$ 20,511 | \$ 8,550 | \$ 35,203 |

Health and Disability Benefits include Company-paid medical, dental, vision, short-term and long-term disability and life insurance, a Company-paid annual physical and reimbursement for certain out-of-pocket health care costs capped at \$4,500 annually (except for Mr. Colella, whose costs are capped at \$6,000 annually upon his retirement). With respect to the “Health & Disability Benefits” column, the amount indicated for Mr. Colella for 2020 consists of \$23,077 in retiree medical benefits for himself and his spouse, which were made in connection with his retirement as Chief Executive Officer. Mr. Colella receives retiree medical benefits for life for himself and his spouse, which had a net present value of \$671,764 as of December 31, 2020. With respect to the “Other” column, the amount indicated for Mr. Colella for 2020 includes the following compensation: (i) \$127,802 in fees earned or paid in cash for his service as a director, which includes \$10,000 in consideration for services on a special committee of the Board of Directors, consisting of a flat fee of \$3,000 for up to five meetings and \$1,000 per meeting thereafter up to a maximum of \$10,000, and (ii) a payment of \$66,775 for unused vacation in connection with his retirement as Chief Executive Officer; the amount indicated for Mr. Colella for 2018 represents a service award; and the amount indicated for Mr. Schreiner for 2020 relates to moving expenses.

CEO Pay Ratio

We are required by Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K to disclose the ratio of our median employee’s annual total compensation to the annual total compensation of our principal executive officer.

The purpose of this disclosure is to provide a measure of the equitability of pay within our Company. We believe our compensation philosophy and process yield an equitable result for all of our employees. During 2020, our principal executive officer was our Chief Executive Officer, John T.C. Lee. For 2020, the combined annual total compensation for Dr. Lee was \$6,127,026, and for our median employee was \$64,178, resulting in a pay ratio of approximately 95:1.

In accordance with applicable SEC rules, we identified the median employee as of December 18, 2019 (the median employee determination date) by (i) aggregating for each applicable employee (A) annual base salary for salaried employees (or hourly rate multiplied by expected annual work schedule for hourly employees), (B) the actual bonus, commissions and overtime or double-time received for 2019, and (C) the accounting value of any equity granted during 2019, and (ii) ranking this compensation measure for our employees from lowest to highest. This calculation was performed for all employees, excluding Mr. Colella, our principal executive officer as of the median employee determination date, whether employed on a full-time, part-time, or seasonal basis. For purposes of identifying the median employee, we converted amounts paid in foreign currencies to United States

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Dollars based on the applicable 2019 average exchange rates as of December 18, 2019. Due to anomalous compensation characteristics of our 2019 median employee related to COVID-19 premium pay for a temporary period of time during 2020 as well as associated overtime compensation, we substituted our 2019 median employee with another employee with substantially similar compensation to that of our 2019 median employee based on the compensation measure used to select the median employee in 2019.

The pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules based on our internal records and the methodology described above. Because the SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

Grants of Plan-Based Awards Table in Fiscal Year 2020

| Name | Grant Date(1) | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2) | | | Estimated Future Payouts Under Equity Incentive Plan Awards(3) | | | All Other Stock Awards: Number of Shares of Stock or Units (#)(4) | Grant Date Fair Value of Stock Awards \$(5) |
|--------------------|------------------|--|-------------|--------------|--|------------|-------------|---|---|
| | | Threshold (\$) | Target (\$) | Maximum (\$) | Threshold (#) | Target (#) | Maximum (#) | | |
| John T.C. Lee | N/A 2/18/2020 | \$467,500 | \$935,000 | \$1,870,000 | 7,848 | 15,697 | 23,546 | 12,843 | \$3,250,000 |
| Gerald G. Colella | N/A 5/11/2020 | N/A | N/A | N/A | N/A | N/A | N/A | 1,988 | \$ 200,000 |
| Seth H. Bagshaw | N/A 2/18/2020 | \$236,188 | \$472,376 | \$ 944,751 | 4,165 | 8,331 | 12,497 | 6,816 | \$1,725,000 |
| Kathleen F. Burke | N/A 2/18/2020 | \$143,128 | \$286,256 | \$ 572,512 | 1,921 | 3,842 | 5,763 | 3,842 | \$ 875,000 |
| James A. Schreiner | N/A 2/18/2020 | \$132,525 | \$265,050 | \$ 530,100 | 1,042 | 2,085 | 3,128 | 2,085 | \$ 475,000 |

- (1) This column shows the date of grant for all equity awards granted in 2020.
- (2) Represents aggregate threshold, target and maximum payout levels under the annual cash incentive plan. The actual amount of annual cash incentive compensation earned by each Named Executive Officer in 2020 is reported under the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table for 2020. See Footnote 6 to the Summary Compensation Table for 2020 for details on the terms of the annual cash incentive plan.
- (3) These RSUs vest in equal annual installments over three years beginning in February 2021, subject to achievement of performance criteria established in 2020 and determined in January 2021.
- (4) Except with respect to Mr. Colella, these RSUs vest in equal annual installments over three years beginning in February 2021. The RSUs granted to Mr. Colella were awarded as compensation for his service as a director and vest in full on the day prior to the 2021 Annual Meeting.
- (5) Reflects the combined grant date fair value of performance-based RSUs, if any, at the target achievement level and time-based RSUs. The fair value was \$113.87 per share for RSUs awarded on February 18, 2020 and \$100.57 per share for RSUs awarded on May 11, 2020.

Outstanding Equity Awards at 2020 Fiscal Year-End Table

| Name | Stock Awards(1) | | | |
|--------------------|---|---|---|---|
| | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested(2) (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(2) (\$) |
| John T.C. Lee | 3,940(3) 520(4) 11,641(5) 12,843(6) | \$ 592,773 \$ 78,234 \$ 1,751,388 \$ 1,932,229 | 23,546(6) | \$3,542,496 |
| Gerald G. Colella | 1,988(7) | \$ 299,095 | - | \$ - |
| Seth H. Bagshaw | 4,072(3) 11,168(5) 8,716(8) 6,539(6) | \$ 612,632 \$ 1,680,226 \$ 1,311,322 \$ 983,793 | 12,497(6) | \$ 1,880,174 |
| Kathleen F. Burke | 2,121(3) 5,730(5) 4,358(8) 3,842(6) | \$ 319,104 \$ 862,079 \$ 655,661 \$ 578,029 | 5,763(6) | \$ 867,043 |
| James A. Schreiner | 2,868(9) 2,085(6) | \$ 431,491 \$ 313,688 | 3,128(6) | \$ 470,608 |

- (1) All stock awards in the above table are RSUs. Except as otherwise noted below, all RSUs vest in three equal annual installments. The annual vesting date is February 15th or the next business day if February 15th is not a business day. RSUs listed in the "Equity Incentive Plan Awards" column were also subject to the achievement of performance criteria. None of the Named Executive Officers had any outstanding option awards.
- (2) The values were calculated based on the closing price of our Common Stock on December 31, 2020 of \$150.45 per share.
- (3) Grant date is February 15, 2018.
- (4) Grant date is May 9, 2018.
- (5) Grant date is February 15, 2019.
- (6) Grant date is February 18, 2020.
- (7) Grant date is May 11, 2020. These RSUs were awarded as compensation for Mr. Colella's service as a director and vest on the day prior to the 2021 Annual Meeting.
- (8) Grant date is October 28, 2019. These RSUs vest in two equal installments on the second and third anniversaries of the grant date.
- (9) Grant date is September 16, 2019.

Option Exercises and Stock Vested in Fiscal Year 2020 Table

| Name | Stock Awards* | |
|--------------------|---|-----------------------------------|
| | Number of Shares Acquired on Vesting (#)(1) | Value Realized on Vesting (\$)(2) |
| John T.C. Lee | 15,720 | \$ 1,790,099 |
| Gerald G. Colella | 83,386(3) | \$ 9,489,094 |
| Seth H. Bagshaw | 16,045 | \$ 1,827,153 |
| Kathleen F. Burke | 7,844 | \$ 893,204 |
| James A. Schreiner | 1,433 | \$ 151,970 |

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- (1) Reflects the number of shares vested before the surrender of shares in satisfaction of tax withholding obligations.
 - (2) Reflects the value realized before satisfaction of tax withholding obligations.
 - (3) In connection with Mr. Colella's retirement as Chief Executive Officer and pursuant to the terms of his RSU agreements, all of Mr. Colella's outstanding RSUs vested upon his retirement.
- * There were no option exercises in 2020.

Retirement and Post-Employment Tables

Pension Benefits

Mr. Colella retired from the Company on January 1, 2020 and the benefits under Mr. Colella's employment agreement were fully vested in 2018. Mr. Colella received the lump sum payment of the accumulated earnings under his supplemental retirement plan set forth in the table below on July 2, 2020.

None of our other Named Executive Officers are eligible for supplemental retirement benefits.

| <u>Name</u> | <u>Plan Name</u> | <u>Number of Years Credited Service (#)(1)</u> | <u>Present Value of Accumulated Benefit (\$)</u> | <u>Payments During the Last Fiscal Year (\$)</u> |
|-------------------|---|--|--|--|
| Gerald G. Colella | Supplemental Retirement Benefits under Employment Agreement | 25 | \$ - | \$21,618,074 |

- (1) Maximum number of years credited is 25.

Potential Payments Upon Termination or Change-in-Control

Pursuant to applicable rules of the SEC, this section, including the tables below, summarizes the estimated payments and other benefits that each Named Executive Officer would be eligible to receive if his or her employment had terminated on December 31, 2020, under the circumstances set forth below. Mr. Colella is not included in the discussion that follows because he retired as Chief Executive Officer on January 1, 2020.

John T.C. Lee

In connection with Dr. Lee's promotion to Chief Executive Officer of the Company, effective January 1, 2020, the Company entered into a new employment agreement with Dr. Lee that superseded and replaced his May 9, 2018 employment agreement, pursuant to which Dr. Lee's 2020 base salary was set at \$850,000, his 2020 target annual cash bonus under the Company's Management and Key Employee Bonus Plan was set at 110% of his eligible earnings and his 2020 target long-term equity incentive award was set at \$3,250,000. The equity incentive award consisted of 55% performance-based RSUs and 45% time-based RSUs. The award of any performance-based RSUs was based on the achievement of certain 2020 Company performance goal(s) approved by our Compensation Committee. The RSUs are subject to the terms and conditions of the Company's 2014 Stock Incentive Plan and began to vest in three equal annual installments on February 15, 2021.

Dr. Lee's employment agreement provides for a term that is at-will, with termination upon death, disability, or at the election of Dr. Lee or the Company. In the event that Dr. Lee's employment is terminated by the Company without cause (as defined below) or is terminated by Dr. Lee for good reason (as defined below), he is entitled to: (i) continuation of base salary for 18 months, (ii) a lump sum equal to 1.5 times the annual amount of his target cash incentive compensation for which he is eligible, (iii) any cash incentive compensation earned for the calendar year preceding his termination but not yet paid and (iv) to the extent that he elects to continue coverage, payment by the Company of premiums for medical, vision and dental insurance coverage under COBRA for a period of 18 months, less the premium contribution paid by similarly-situated employees.

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In the event that Dr. Lee's employment is terminated by the Company without cause, or is terminated by Dr. Lee for good reason, within 24 months after a change-in-control (as defined in his employment agreement), he is entitled to: (i) a lump sum payment equal to three times his annual base salary, (ii) a lump sum payment equal to three times the annual amount of his target cash incentive compensation, (iii) any cash incentive compensation earned for the calendar year preceding his termination but not yet paid, (iv) a prorated portion of his then current year's target cash incentive compensation, and (v) to the extent that he elects to continue coverage, payment by the Company of its usual share of premiums for medical, vision and dental insurance coverage under COBRA during the period of time Dr. Lee is entitled to elect such coverage under COBRA, and after the end of the COBRA continuation period, if Dr. Lee continues to pay the premium that would be charged for COBRA coverage, he may continue such insurance coverage until the end of the 36 month period following his employment termination date on the same terms as if COBRA coverage were still in effect and the Company will continue to pay the Company's usual share of such premiums.

In the event Dr. Lee's employment is terminated due to death or disability, he (or his estate) is entitled to: (i) any cash incentive compensation earned for the calendar year preceding his termination but not yet paid and (ii) a prorated portion of his then current year's target cash incentive compensation.

Dr. Lee's employment agreement contains non-competition provisions that provide that he may not, during the term of his employment and for one year after termination of employment, engage in any competitive business or activity. In addition, he may not, during the term of employment and for two years after the termination of employment: (i) solicit, hire or otherwise induce any Company employee to terminate his or her employment with the Company, (ii) solicit or hire any of our suppliers, joint ventures, research partners or customers for the purpose of competing with the Company, (iii) encourage any of such persons or entities not to enter into a business relationship with the Company or interfere with the relationship between the Company and such persons or entities, or (iv) sell to any of the Company's customers any products of the types sold by the Company with respect to which products he had material dealings in the performance of his duties within the period two years prior to his termination.

Any equity awarded to Dr. Lee under the current or any future MKS Instruments, Inc. equity incentive plan that is as of Dr. Lee's termination of employment date unvested will be subject to accelerated vesting if and to the extent provided in the equity award agreements governing the award.

Each of the RSU agreements that govern Dr. Lee's current RSU awards: (i) provides for full acceleration of vesting of all RSUs earned if he is terminated without cause or resigns for good reason, within 24 months following a change-in-control (as defined in the RSU agreement) and (ii) provides for full acceleration of vesting of all RSUs earned upon retirement, death or disability. Retirement, in this context, means a voluntary termination of employment by Dr. Lee after he is at least age 60 and has at least 15 years of service with us.

For purposes of the foregoing description of benefits under the employment agreement with Dr. Lee, "cause" will exist if Dr. Lee: (i) commits a felony or engages in fraud, misappropriation or embezzlement, (ii) knowingly fails or refuses to perform his duties in a material way and either the failure or refusal cannot reasonably be cured (as determined by the Company in its reasonable judgment) or he fails to effect a cure within 10 days after the Company notifies him in writing of the failure or refusal, (iii) knowingly causes, or knowingly creates a serious risk of causing, material harm to the Company's business or reputation or (iv) breaches, in a material way, his employment agreement, the confidential information agreement or any other material agreement between him and the Company, and either the breach cannot be cured (as determined by the Company in its reasonable judgment) or he fails to effect a cure within 10 days after the Company notifies him in writing of the breach.

For purposes of the foregoing description of benefits under the employment agreement with Dr. Lee, subject to compliance with certain procedural requirements, "good reason" for Dr. Lee to resign will exist if, without his express written consent: (i) the Company materially reduces his position, duties, title, reporting relationship, authorities or responsibilities, (ii) the Company reduces his base salary or target bonus as in effect on the date hereof or as the same may be increased from time to time during the term of his employment agreement, (iii) the

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Company changes his principal place of work to a location more than 50 miles from his current principal place of work or (iv) the Company breaches, in a material way, his employment agreement or any other material agreement between him and the Company.

Under the RSU agreements for Dr. Lee, “cause” means conviction for the commission of a felony, willful failure by him to perform his responsibilities to the Company, or willful misconduct by him. Subject to compliance with certain procedural requirements, “good reason” means voluntary separation from service within 90 days following (i) a material diminution in position, duties and responsibilities from those described in his employment agreement, (ii) a material reduction in his base salary (other than as part of a general salary reduction program affecting senior executives), (iii) a material reduction in the aggregate value of his pension and welfare benefits from those in effect prior to the change-in-control (other than as proportionate to the reductions applicable to other senior executives pursuant to a cost-saving plan that includes all senior executives), (iv) a material breach of any provision of the employment agreement by the Company, or (v) the Company’s requiring him to be based at a location causing a one way commute in excess of 60 miles from his primary residence.

Potential Payments Upon Termination or Change-in-Control Table — John T.C. Lee

The following table sets forth the estimated benefits that Dr. Lee would have been entitled to receive upon termination of his employment effective December 31, 2020:

| Termination Circumstance | Cash Severance | | Value of Accelerated Unvested Equity | Benefits Continuation | Total |
|---|----------------|--------------|--------------------------------------|-----------------------|---------------|
| | Base Salary | Bonus | | | |
| Involuntary Without Cause Termination | \$ 1,275,000 | \$ 1,402,500 | \$ - | \$ 40,469(1) | \$ 2,717,969 |
| Retirement | \$ - | \$ - | \$ - | \$ - | \$ - |
| Death | \$ - | \$ 935,000 | \$ 6,716,574(2) | \$ - | \$ 7,651,574 |
| Disability | \$ - | \$ 935,000 | \$ 6,716,574(2) | \$ - | \$ 7,651,574 |
| Within 24 Months Following a Change-in-Control: | | | | | |
| • Termination by the Company Without Cause | \$ 2,550,000 | \$ 3,740,000 | \$ 6,716,574(3) | \$ 80,938(4) | \$ 13,087,512 |
| • Executive Resignation for Good Reason | \$ 2,550,000 | \$ 3,740,000 | \$ 6,716,574(3) | \$ 80,938(4) | \$ 13,087,512 |

- (1) Reflects our cost for continuation of medical, dental and vision coverage for 18 months following involuntary without cause termination, assuming the termination occurred on December 31, 2020.
- (2) Upon retirement, death or disability, RSUs fully vest, subject to achievement of any remaining performance criteria. The stated value assumes the retirement, death or disability occurred on December 31, 2020 and assumes the target number of unvested performance-based RSUs vested. Dr. Lee did not meet the requirements for retirement as of December 31, 2020.
- (3) The unvested time-based RSUs fully vest and the target number of unvested performance-based RSUs vest.
- (4) Reflects our cost for continuation of medical, dental, and vision coverage for 36 months following termination within 24 months of a change in control.

Other Named Executive Officers

Mr. Bagshaw and Ms. Burke entered into employment agreements with the Company effective as of August 1, 2016 and Mr. Schreiner entered into an employment agreement with the Company effective as of September 16, 2019. Pursuant to applicable rules of the SEC, below is a summary of the material terms of these employment agreements in place as of December 31, 2020.

In addition to providing for a base salary, and eligibility to participate in the Company’s annual cash incentive compensation program and long-term equity incentive plan, the employment agreements with Mr. Bagshaw, Ms. Burke and Mr. Schreiner provide for terms that are at-will, with termination upon death, disability, or at our election if the executive fails to perform his or her duties or commits any other act

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constituting cause (as defined below). In the event that the executive resigns from the Company or is terminated by the Company without cause, subject to certain procedural requirements, the Company will pay such executive his or her base salary for a period of at least 30 days after the notice of such termination or resignation is delivered. In the event that we terminate Mr. Bagshaw, Ms. Burke or Mr. Schreiner's employment without cause, each executive is entitled to a lump sum payment equal to 12 months base salary and to the extent that such executive elects to continue coverage, payment by the Company of premiums for medical, vision and dental insurance coverage under COBRA for a period of 12 months less the premium contribution paid by similarly-situated employees.

In the event that Mr. Bagshaw, Ms. Burke or Mr. Schreiner's employment is terminated without cause, or is terminated by the executive for good reason (as defined below) within 24 months after a change-in-control (as defined in the applicable agreement), each executive is entitled to: (i) a lump sum payment equal to one and one-half times his or her annual base salary, or two times his annual base salary in the case of Mr. Bagshaw, (ii) a lump sum payment equal to one and one-half times the annual amount of his or her target incentive compensation for which such executive is eligible, or two times the annual amount of his target incentive compensation in the case of Mr. Bagshaw, (iii) a prorated portion of the then current year's target bonus amount, and (iv) to the extent that such executive elects to continue coverage, payment by the Company of its usual share of premiums for medical, vision and dental insurance coverage under COBRA for a period of 18 months, or 24 months in the case of Mr. Bagshaw, following termination. In the event such payments are determined to be subject to an excise tax imposed by Section 4999 of the Internal Revenue Code, such payments will be payable in full or, if applicable, reduced so that no portion of the payments is subject to the excise tax, whichever of the foregoing amounts results in receipt by Mr. Bagshaw, Ms. Burke or Mr. Schreiner, as the case may be, on an after-tax basis of the greater amount, taking into account all applicable taxes, including the penalty tax. Mr. Bagshaw, Ms. Burke and Mr. Schreiner are not entitled to any gross-up payment for any such excise tax due.

The employment agreements of Mr. Bagshaw, Ms. Burke and Mr. Schreiner contain non-competition provisions that provide that each executive may not, during the term of his or her employment and for one year after termination of employment, engage in any competitive business or activity. In addition, each of Mr. Bagshaw, Ms. Burke and Mr. Schreiner may not, during the term of employment and for one year after the termination of employment: (i) solicit, hire or otherwise induce any Company employee to terminate his or her employment with the Company, (ii) solicit or hire any of our suppliers, joint ventures, research partners or customers for the purpose of competing with the Company, (iii) encourage any of such persons or entities not to enter into a business relationship with MKS or interfere with the relationship between the Company and such persons or entities, or (iv) sell to any of the Company's customers any products of the types sold by the Company with respect to which products the executive officer had material dealings in the performance of his or her duties within the period two years prior to his or her termination.

The RSU agreements for each of Mr. Bagshaw, Ms. Burke and Mr. Schreiner provide for full acceleration of vesting of all RSUs (or, in the case of performance-based RSUs that are still subject to performance criteria, the target number of RSUs) if such executive is terminated without cause or resigns with good reason within 24 months following a change-in-control (as defined in the applicable agreements). The RSU agreements for each of Mr. Bagshaw, Ms. Burke and Mr. Schreiner also provide for full acceleration of vesting of all shares (or, in the case of performance-based RSUs that are still subject to performance criteria, the actual number of RSUs to vest based upon satisfaction of performance criteria) upon retirement, death or disability. Retirement, in this context, for Ms. Burke and Mr. Schreiner, means a voluntary termination of employment by the executive after he or she is at least age 60 and has at least 15 years of service with us. Retirement, in this context, for Mr. Bagshaw means a voluntary termination of employment by the executive after he is at least age 60 and has at least 10 years of service with us. RSUs granted to executives typically vest in three equal annual installments, and typically at least half of the target annual equity grant value is subject to performance criteria.

For purposes of the foregoing description of benefits under the employment agreements with Mr. Bagshaw, Ms. Burke and Mr. Schreiner, "cause" will exist if the executive: (i) commits a felony or engages in fraud, misappropriation or embezzlement, (ii) knowingly fails or refuses to perform such executive's duties in a material way and, to the extent that the Company determines such failure or refusal can reasonably be cured, fails

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or refuses to effect a cure within 10 days after the Company notifies such executive in writing of the failure or refusal, (iii) knowingly causes, or knowingly creates a serious risk of causing, material harm to the Company’s business or reputation, or (iv) breaches, in a material way, such executive’s employment agreement, the confidential information agreement or any other agreement between such executive and the Company and, to the extent that the Company determines such breach can reasonably be cured, fails or refuses to effect a cure within 10 days after the Company notifies such executive in writing of the breach.

For purposes of the foregoing description of benefits under the employment agreements with Mr. Bagshaw, Ms. Burke and Mr. Schreiner, subject to compliance with certain procedural requirements, “good reason” for the applicable executive to resign will exist if, without such executive’s express written consent: (i) the Company materially reduces such executive’s position, duties or responsibilities, (ii) the Company reduces such executive’s base salary as in effect on the date hereof or as the same may be increased from time to time during the term of the applicable employment agreement, or (iii) the Company changes such executive’s principal place of work to a location more than 50 miles from such executive’s current principal place of work.

Under the RSU agreements for Mr. Bagshaw, Ms. Burke and Mr. Schreiner, “cause” means conviction for the commission of a felony, willful failure by the executive to perform his or her responsibilities to the Company, or willful misconduct by the executive. Subject to compliance with certain procedural requirements, “good reason” means voluntary separation from service within 90 days following (i) a material diminution in position, duties and responsibilities from those described in the executive’s employment agreement, (ii) a material reduction in the executive’s base salary (other than as part of a general salary reduction program affecting senior executives), (iii) a material reduction in the aggregate value of the executive’s pension and welfare benefits from those in effect prior to the change-in-control (other than as proportionate to the reductions applicable to other senior executives pursuant to a cost-saving plan that includes all senior executives), (iv) a material breach of any provision of the employment agreement by the Company, or (v) the Company’s requiring the executive to be based at a location causing a one way commute in excess of 60 miles from the executive’s primary residence.

Potential Payments Upon Termination or Change-in-Control Table — Other Named Executive Officers

The following table sets forth the estimated benefits that Mr. Bagshaw, Ms. Burke and Mr. Schreiner would have been entitled to receive upon termination of his or her employment effective December 31, 2020:

| Termination Circumstance | Cash Severance | | Value of Accelerated Unvested Equity | Benefits Continuation | Total |
|--|----------------|-------------|--------------------------------------|-----------------------|-------------|
| | Base Salary | Bonus | | | |
| Involuntary Without Cause Termination: | | | | | |
| Seth H. Bagshaw | \$ 563,000 | \$ - | \$ - | \$26,979 | \$ 589,979 |
| Kathleen F. Burke | \$ 446,000 | \$ - | \$ - | \$26,979 | \$ 472,979 |
| James A. Schreiner | \$ 410,000 | \$ - | \$ - | \$16,105 | \$ 426,105 |
| Within 24 Months Following a Change-in-Control: | | | | | |
| Seth H. Bagshaw | \$1,126,000 | \$1,435,650 | \$5,841,722(1) | \$53,959(2) | \$8,457,331 |
| Kathleen F. Burke | \$ 669,000 | \$ 724,750 | \$2,993,041(1) | \$40,469(2) | \$4,427,260 |
| James A. Schreiner | \$ 615,000 | \$ 666,250 | \$1,059,093(1) | \$24,157(2) | \$2,364,500 |
| Death or Disability: | | | | | |
| Seth H. Bagshaw | \$ - | \$ - | \$5,841,722(3) | \$ - | \$5,841,722 |
| Kathleen F. Burke | \$ - | \$ - | \$2,993,041(3) | \$ - | \$2,993,041 |
| James A. Schreiner | \$ - | \$ - | \$1,059,093(3) | \$ - | \$1,059,093 |
| Retirement: | | | | | |
| Seth H. Bagshaw | \$ - | \$ - | \$4,530,383(4) | \$ - | \$4,530,383 |
| Kathleen F. Burke | \$ - | \$ - | \$ -(4) | \$ - | \$ - |
| James A. Schreiner | \$ - | \$ - | \$ -(4) | \$ - | \$ - |

- (1) The unvested time-based RSUs fully vest and the target number of unvested performance-based RSUs vest.
- (2) Reflects our cost for continuation of medical, dental and vision coverage for 18 months (or 24 months in the case of Mr. Bagshaw) following involuntary without cause termination within 24 months following a change-in-control, assuming the termination occurred on December 31, 2020.
- (3) Upon death or disability, RSUs fully vest, subject to achievement of any remaining performance criteria. The stated value assumes the death or disability occurred on December 31, 2020 and assumes the target number of unvested performance-based RSUs vested.
- (4) Upon retirement (as defined in the RSU agreements), RSUs for Mr. Bagshaw, Ms. Burke and Mr. Schreiner fully vest, subject to achievement of any remaining performance criteria. However, Ms. Burke and Mr. Schreiner did not meet the requirements for retirement as of December 31, 2020.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the securities authorized for issuance under our equity compensation plans as of December 31, 2020:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)(2) | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|--|---|--|---|
| | (a) | (b) | (c) |
| Equity compensation plans approved by security holders | 657,674(3) | \$30.64(4) | 14,388,577(5) |
| Equity compensation plans not approved by security holders | - | - | - |
| Total | 657,674(3) | | 14,388,577(5) |

- (1) When we acquired Newport Corporation, or Newport, in April 2016, we assumed: (i) all RSUs granted under any Newport equity plan that were outstanding immediately prior to the effective time of the acquisition and as to which shares of Newport common stock were not fully distributed in connection with the closing of the acquisition and (ii) all stock appreciation rights granted under any Newport equity plan, whether vested or unvested, that were outstanding immediately prior to the effective time of the acquisition. Such RSUs were converted automatically into RSUs with respect to 360,674 shares of our Common Stock, which we refer to as the Newport Assumed RSUs, and such stock appreciation rights were converted automatically into stock appreciation rights with respect to 899,851 shares of our Common Stock, which we refer to as the Newport Assumed SARs. An additional 59,626 RSUs, which were issued under Newport's equity plans and have vested in accordance with the applicable award agreements, were deferred by the awardees under Newport's Deferred Compensation Plan at the time of vesting and were converted automatically into RSUs with respect to 36,599 shares of our Common Stock. As of December 31, 2020, 4,910 shares of our Common Stock were held in the Newport Deferred Compensation Plan for the benefit of such awardees.
- (2) When we acquired Electro Scientific Industries, Inc., or ESI, in February 2019, we assumed: (i) all RSUs granted under any ESI equity plan that were outstanding immediately prior to the effective time of the acquisition and as to which shares of ESI common stock were not fully distributed in connection with the closing of the acquisition and (ii) all stock appreciation rights granted under any ESI equity plan, whether vested or unvested, that were outstanding immediately prior to the effective time of the acquisition. Such RSUs were converted automatically into RSUs with respect to 736,133 shares of our Common Stock, which we refer to as the ESI Assumed RSUs, and such stock appreciation rights were converted automatically into stock appreciation rights with respect to 12,787 shares of our Common Stock, which we refer to as the ESI Assumed SARs. Included in the 736,133 shares issued pursuant to the ESI Assumed RSUs were 326,283 shares held in the ESI Deferred Compensation Plan. As of December 31, 2020, 31,661 shares of our Common Stock were held in the ESI Deferred Compensation Plan.
- (3) As of December 31, 2020, the number of shares reflected in column (a) consists of: (i) Newport Assumed SARs and ESI Assumed SARs with respect to an aggregate of 51,589 shares of our Common Stock, (ii) Newport Assumed RSUs and ESI Assumed RSUs with respect to 70,019 shares of our Common Stock and (iii) RSUs representing the right to receive an aggregate of 536,066 shares of our Common Stock upon vesting, all of which were issued under our 2014 Stock Incentive Plan.
- (4) The weighted average exercise price represents the base value of all outstanding Newport Assumed SARs and ESI Assumed SARs. All outstanding RSUs were awarded without payment of any purchase price.
- (5) This number includes 12,690,974 shares available for issuance under our 2014 Stock Incentive Plan and 1,697,603 shares reserved for issuance under our 2014 Employee Stock Purchase Plan. Shares issued under our 2014 Stock Incentive Plan in respect of RSUs, restricted stock or other stock-based awards with a per share price lower than 100% of fair market value on the date of grant count against the shares available for grant under the plan as 2.4 shares for every share granted.

OTHER MATTERS

Our Board of Directors does not know of any other matters which may come before the meeting. However, if any other matters are properly presented to the meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgment on such matters.

Expenses and Solicitation

All costs of solicitation of proxies will be borne by us. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone and personal interviews and we reserve the right to retain outside agencies for the purpose of soliciting proxies. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of stock held in their names, and we will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of proxy materials.

Deadline for Submission of Shareholder Proposals for the 2022 Annual Meeting

Proposals of shareholders intended to be presented at the 2022 Annual Meeting of Shareholders must be received by us at our principal office in Andover, Massachusetts no later than November 26, 2021 for inclusion in the proxy statement for that meeting.

In addition, our Amended and Restated By-Laws (which are on file with the SEC) require that we be given advance notice of matters that shareholders wish to present for action at an annual meeting of shareholders, including director nominations (other than matters included in our proxy statement in accordance with Rule 14a-8 of the Securities Exchange Act of 1934, as amended). The required written notice must be delivered to our Secretary at our principal office at least 90 days but no more than 120 days prior to the first anniversary of the preceding year's annual meeting or it will be considered untimely. However, in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a shareholder's notice must be received no earlier than the 120th day prior to the annual meeting and not later than the close of business on the later of (i) the 90th day prior to the annual meeting and (ii) the seventh day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. Assuming that the 2022 Annual Meeting of Shareholders is not advanced by more than 20 days or delayed by more than 60 days from the anniversary date of the 2021 Annual Meeting, shareholders will need to give us appropriate notice at the address noted above no earlier than January 11, 2022 and no later than February 10, 2022. The advance notice provisions of our Amended and Restated By-Laws contain the requirements of the written notice of shareholders and supersede the notice requirement contained in Rule 14a-4(c)(1) under the Securities Exchange Act of 1934, as amended.

No Incorporation by Reference

As provided under SEC rules, the "Audit Committee Report" and the "Compensation Committee Report" contained in this proxy statement are not incorporated by reference into any of our other filings with the SEC, except to the extent we specifically incorporate either report by reference into a filing. This proxy statement includes several website addresses. These website addresses are intended to be inactive textual references only. None of the information on, or accessible through, these websites is part of this proxy statement or is incorporated by reference herein.

By Order of the Board of Directors,

KATHLEEN F. BURKE
Secretary

March 26, 2021



MKS INSTRUMENTS, INC.
2 TECH DRIVE
SUITE 201
ANDOVER, MA 01810

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our Company in mailing proxy materials, you can consent to receive all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions below to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 10, 2021. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/MKSI2021

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 10, 2021. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D39075-P52032

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

| | | | | |
|---|---|--|--|---|
| <p>MKS INSTRUMENTS, INC.</p> <p>The Board of Directors recommends you vote FOR the following:</p> <p>1. The election of the three nominees listed below as Class I Directors, each to serve for a three-year term:</p> <p>Nominees:</p> <p>01) Rajeev Batra 02) Gerald G. Colella 03) Elizabeth A. Mora</p> <p>The Board of Directors recommends you vote FOR the following proposal:</p> <p>2. The approval, on an advisory basis, of executive compensation.</p> <p>The Board of Directors recommends you vote FOR the following proposal:</p> <p>3. The ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2021.</p> <p>This proxy, when properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is indicated, this proxy will be voted FOR the election of each of the three (3) nominees listed above as Class I Directors of the Company, FOR proposals 2 and 3, and, as said proxies deem advisable, in their discretion, on such other matters as may properly come before the meeting.</p> <p>Please sign exactly as your name(s) appear(s) on this card. When signing as attorney, executor, administrator, or other fiduciary, please give your full title. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by an authorized officer.</p> | <p>For All</p> <p><input type="checkbox"/></p> | <p>Withhold All</p> <p><input type="checkbox"/></p> | <p>For All Except</p> <p><input type="checkbox"/></p> | <p>To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.</p> <p>_____</p> |
| <p>The Board of Directors recommends you vote FOR the following proposal:</p> <p>2. The approval, on an advisory basis, of executive compensation.</p> <p>The Board of Directors recommends you vote FOR the following proposal:</p> <p>3. The ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2021.</p> | <p>For</p> <p><input type="checkbox"/></p> | <p>Against</p> <p><input type="checkbox"/></p> | <p>Abstain</p> <p><input type="checkbox"/></p> | |
| <p>Signature [PLEASE SIGN WITHIN BOX] Date</p> | <p>Signature (Joint Owners) Date</p> | | | |

Important Notice Regarding the Availability of Proxy Materials for the 2021 Annual Meeting:

The Annual Report, Notice & Proxy Statement are available at www.proxyvote.com.

D39076-P52032

**MKS INSTRUMENTS, INC.
2021 Annual Meeting of Shareholders
May 11, 2021 10:00 AM, Eastern Time
This proxy is solicited by the Board of Directors.**

The undersigned shareholder of MKS Instruments, Inc., a Massachusetts corporation (the "Company"), hereby acknowledges receipt of the Notice of 2021 Annual Meeting of Shareholders and Proxy Statement, each dated March 26, 2021, and hereby appoints John T.C. Lee and Kathleen F. Burke, and each of them acting singly, proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2021 Annual Meeting of Shareholders of the Company to be held on May 11, 2021 at 10:00 AM, Eastern Time, online at www.virtualshareholdermeeting.com/MKSI2021, and at any adjournment or postponement thereof, and to vote all shares of Common Stock which the undersigned would be entitled to vote if attending the meeting, on the matters set forth on the reverse side, and, in their discretion, upon any other matters which may properly come before the meeting.

Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned your proxy card. If you vote your shares over the Internet or by telephone, please do not return your proxy card.

UNLESS VOTING YOUR SHARES OVER THE INTERNET OR BY TELEPHONE, PLEASE DATE, SIGN AND MAIL YOUR PROXY CARD IN THE ENVELOPE PROVIDED AS SOON AS POSSIBLE.

Continued and to be signed on reverse side