2010 ANNUAL REPORT

INFICON

COMPANY OVERVIEW

INFICON provides world-class instruments for gas analysis, measurement and control.

These analysis, measurement and control products are essential for gas leak detection in air conditioning, refrigeration, and automotive manufacturing.

They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells, LED lighting, and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes.

We also leverage our expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

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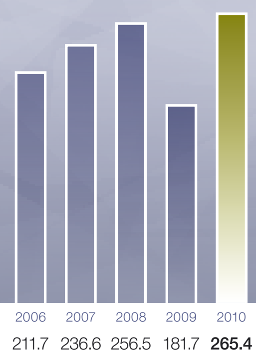
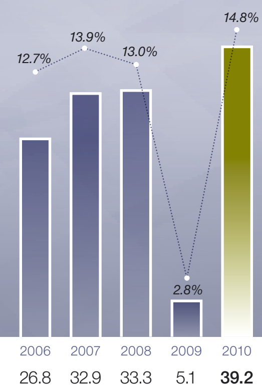
Additional copies of this report may be downloaded from the Investors section of our website, www.inficon.com, under Financial Reports.

KEY FIGURES 5 YEARS

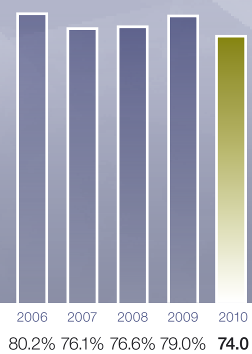
According to US GAAP
(US Dollars in million,
except per share amounts)



Net sales

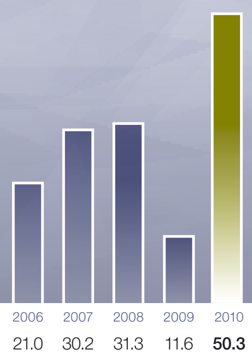


Operating income

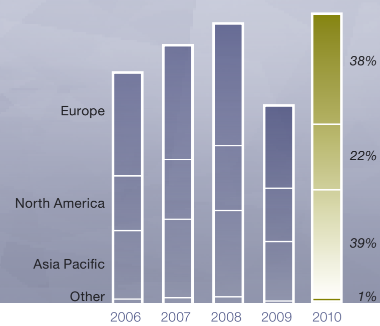


Equity ratio

	2006	2007	2008	2009	2010
Net sales	211.7	236.6	256.5	181.7	**265.4**
Research and development	18.3	20.3	22.2	20.0	**23.2**
Selling, general and administrative	52.9	57.0	60.1	50.7	**62.7**
Operating income	26.8	32.9	33.3	5.1	**39.2**
in % of net sales	*12.7%*	*13.9%*	*13.0%*	*2.8%*	***14.8%***
EBITDA	32.7	38.9	39.2	12.3	**43.3**
in % of net sales	*15.4%*	*16.5%*	*15.3%*	*6.8%*	***16.3%***
Net income	22.0	24.8	24.3	2.3	**27.1**
Cash and short-term investments	67.6	39.3	45.8	32.3	**70.3**
Cash flow from operations	21.0	30.2	31.3	11.6	**50.3**
Capital expenditures	7.0	5.7	6.0	8.7	**3.6**
Total assets	194.3	181.6	181.3	170.5	**216.3**
Long-term debt	—	—	—	—	**—**
Shareholders' equity	155.8	138.3	138.9	134.7	**160.2**
Equity ratio in %	*80.2%*	*76.1%*	*76.6%*	*79.0%*	***74.0%***
Employees	795	891	876	807	**843**

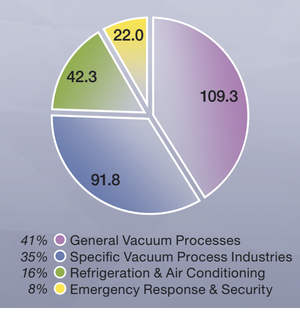


Cash flow from operations



(100%=USD 265.4 million)

Direct sales by Geographic Region



(100%=USD 265.4 million)

2010 sales by End Market

	2006	2007	2008	2009	2010
Ratios per Share					
Net income per share – diluted	9.30	10.70	11.26	1.06	**12.47**
Shareholders' equity per share – diluted	65.70	59.70	64.32	62.67	**73.78**
Free cash flow per share – diluted	5.92	10.60	11.68	1.34	**21.52**
Return on equity %	*14.16%*	*17.91%*	*17.5%*	*1.7%*	***16.9%***
Dividend per share (CHF)	6.00	8.00	6.00	4.00	**10.00***
Share price (CHF) at December 31,	192.00	182.50	87.80	117.5	**179.5**
Direct sales by Geographic Region					
Europe	94.4	104.8	117.9	76.8	**100.0**
North America	50.4	54.0	54.9	49.2	**59.0**
Asia-Pacific	64.0	73.4	80.3	54.3	**103.4**
Other	2.9	4.4	3.4	1.4	**3.0**
Sales by End Market					
General Vacuum Processes	94.1	99.1	114.1	81.7	**109.3**
Specific Vacuum Process Industries	70.2	81.6	78.4	48.4	**91.8**
Refrigeration & Air Conditioning	29.1	38.6	36.1	29.1	**42.3**
Emergency Response & Security	18.3	17.3	27.9	22.5	**22.0**

* The proposed dividend is to be paid out from either retained earnings or legal reserves.

TARGET MARKETS

	General Vacuum Processes	Specific Vacuum Process Industries	Refrigeration & Air Conditioning	Emergency Response & Security
MARKET POSITION	1	1 and 2	1	1 and 2
MARKET	Vacuum technology applications such as aerospace, heat treating, analytical instrumentation, food packaging, and research reached through private-label partners who are global manufacturers of vacuum pumps. INFICON also serves a growing portion of this market directly.	*In situ* metrology and process control for semiconductor manufacturers, manufacturers of capital equipment for semiconductor devices (OEMs), and for thin film coating applications including flat panel displays (LCD and OLED), solar cells, LED lighting systems, data storage media, scientific and consumer optics, and architectural glass coatings	Leak detection for quality control in the manufacture of commercial and consumer air conditioners and appliances, automotive air conditioners and air bags, wheel wells, and other components After-sale service for repair	Toxic chemical analysis for global homeland security, emergency response, industrial hygiene, environmental monitoring for air, soil, and water Gas analysis for the petrochemical industry, including oil and gas production, hydrocarbon processing, refining and chemical productions
GROWTH DRIVERS	Life Science R&D budgets Easier use of vacuum for industrial and research applications Higher quality standards Global GDP growth	Increasing number of products with electronic components Fast growth of electronic consumer products in emerging markets Increasing complexity and manufacturing cost of products Miniaturization for portability and online/mobile communication Increasing demand for solar/photovoltaic energy and energy-efficient lighting systems such as LED	Increased government regulation to reduce environmental pollution and increase energy efficiency Increased quality standards and technology/process control New refrigerants for air conditioning General growth in demand for air conditioning Growing demand for household appliances in emerging economies	Imminent threats to national and global political and economic stability Public opinion, driven by fear of terror, supports and drives governments to allocate resources to homeland security Restructuring process Government agencies (military, police, etc.) faced with more and new tasks for national emergencies Growing environmental concerns
PRODUCTS				
Industrial gas analyzers and process control sensors	○	○		
Vacuum gauges and components	○	○	○	
Leak detectors	○	○	○	
Thin film controllers		○		
Chemical identification detectors	○	○		○
Micro Gas Chromatography	○			○
Sensor integration software		○		

RECENT MILESTONES AND ACHIEVEMENTS

INFICON was formed in June 2000 from the instrumentation businesses of three well-known international vacuum technology companies merged in 1996 under the Swiss company OC Oerlikon (formerly known as Unaxis). Our initial public offering was November 9, 2000, both on SIX Swiss Exchange and NASDAQ. In 2005, INFICON delisted its stock from NASDAQ.

	2006	2007	2008	2009	2010
CORPORATE	– CHF 5.00 dividend payment per share – Par value repayment of CHF 5.00 per share – China factory opening	– CHF 6.00 dividend payment per share – 10% share repurchase program completed	– CHF 8.00 dividend payment per share – Reduction of share capital following share buyback	– CHF 6.00 dividend payment per share	– CHF 4.00 dividend payment per share for 2009 – CHF 10.00 proposed dividend payment per share for 2010
ACQUISITIONS	– Electro Dynamics Crystal Corp. (EDC)	– Maxtek Inc. – Sigma Instruments Inc.		– Verionix Inc.	– Micro GC product line from Agilent Technologies Inc. – Cumulative Helium Leak detection (CHLD) technology from Pernicka Corporation
TECHNOLOGY LEADERSHIP	– Vehicle-mounted chemical identification and detection system for the security market – HAPSITE SituProbe for water monitoring – FabGuard fault detection and control software for semiconductor manufacturing	– Sky digital high-temp vacuum gauge for semiconductor manufacturing – FabGuard FDC for fab-wide semiconductor process improvements – Sion Plasma Arc Detector for semiconductor manufacturing – Compass Refrigerant Leak Detector for after-market service	– HAPSITE ER for on-site chemical identification and analysis – FabGuard 8.0 for semiconductor manufacturing – Guardian Deposition Controller for thin film solar panel manufacturing – Transpector XPR3L for solar cell and process yield optimization	– T-Guard Leak Detection Sensor for refrigeration and air conditioning markets	– T-Guard was awarded an R&D 100 Award as well as a 2010 Good Design Award – CMS 5000 Water and Air Quality Monitoring – IC 6 Thin Film Deposition Controller – PCG Pirani Capacitance Diaphragm Gauge product family

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

2010 was a year of recovery and regaining optimism after the most severe global recession of the last 50 years. Business started to improve at the end of 2009 and INFICON reported on strong year-over-year and sequential sales growth for all quarters of 2010. Signs of recovery initially seemed uncertain, given the unprecedented scope of the global financial crisis. With time, target industries recovered. INFICON´s strong balance sheet allowed the company to strengthen its product portfolio with new developments and to acquire the Micro Gas Chromatography business line from Agilent Technologies, Inc. The company closed the year 2010 with all-time high sales, cash flow and income from operations. Sales were USD 265.4 million, which represents a 46.1% increase over 2009. Cash flow was at USD 50.3 million and income from operations was at USD 39.2 million or 14.8% of sales. The Board of Directors thus intends to propose to distribute CHF 10.00 per share for the financial year 2010 from either retained earnings or legal reserves.

Looking back, we can say that INFICON mastered the severe financial and economic crisis well. The company's business model, its leading technological position in its target markets and the rapidly decided and implemented measures have secured INFICON's ongoing success. INFICON started the first half of 2010 on a lower sales volume than in the previous record year 2008. The strong financial position as well as the lean structure of the whole organization allowed us to benefit most effectively from the recovering markets and to deliver an excellent performance at the end of 2010.

EXPANDING THE TECHNOLOGY PORTFOLIO

In 2010, the winning strategy was to keep the focus on sales and investing in sales and marketing teams. INFICON was able to expand its position with existing customers and open up new business opportunities. The sound financial situation supported INFICON's decision to expand its technology portfolio by acquiring the Micro Gas Chromatography (GC) product line from Agilent Technologies, Inc. Announced in January 2010, the deal was closed in May after receiving clearance from all relevant national trade commissions. INFICON started to build up its production capabilities in the facility in Shanghai/China and successfully ramped up production in June 2010, preparing for first shipments of Micro GC products in the third quarter. INFICON was also able to double its production area in China, and now employs 30 people. The addition of the Micro

GC product line has provided the company with the opportunity to address new end markets such as the oil and gas and certain chemical industries which complement INFICON's traditional application focus.

TECHNOLOGY LEADERSHIP/INNOVATION

INFICON's Research & Development efforts were honoured twice this year for its T-Guard Leak Detection sensor when it received the prestigious Technology 100 Award which recognizes the 100 technologically most significant products and processes introduced into the marketplace over the past year and the 2010 Good Design Award which grants international recognition to designers and manufacturers for visionary product, branding and graphic design. The award-winning T-Guard Leak Detection sensor is widely used for leak detection of air conditioner components, automotive gas lines and small heater coils. INFICON also launched several updated state-of-the-art products such as the CMS 5000 Monitoring System for continuous, unattended remote monitoring of water and air or the IC6 Thin Film Deposition Controller for precision optics and OLED applications, which provides stable, high-resolution rate of thickness measurement. Furthermore we developed a new vacuum gauge product family which allows our customers to define a customer specific product by selecting from a variety of different features and options.

THE MARKET IN 2010

INFICON reported growing year-over-year and increasing sequential sales for every quarter of 2010. Compared with the first two quarters of 2009, which had marked the low points of the sales development for INFICON, the company reported sales growths of approximately 57% for the first half of 2010. As target industries recovered and business activity returned, sales growth marked a strong increase. Demand in Asia remains the key driver, followed by Europe and North America. The company saw significant increases in the Asia-Pacific region, with China delivering the most rapid sales growth. Except for the Emergency Response & Security market which closed the year with 2% lower sales than last year, all other target markets showed impressive signs of recovery and sales growth. INFICON closed the year with 46.1% higher sales compared with the prior year.

GENERAL VACUUM PROCESSES REFLECT BROAD ECONOMIC RECOVERY

The General Vacuum Processes market reflects the overall economic trend. Over the year, sales to the wide variety of applications grouped in this target market increased by 33.8%. While Asian demand particularly already rebounded in late 2009, Europe showed significant growth in the first quarter of 2010 as production started to pick up again and customers started to replenish previously depleted inventories. While the second quarter of 2010 could not fully repeat the success of the previous quarter, the second half of the year confirmed a wide market recovery in all geographic regions as customers invested in new capacities.

SPECIFIC VACUUM PROCESS INDUSTRIES

The market for semiconductors, flat panel displays, Optics and LED/OLED applications as well as solar cells recorded particularly dynamic growth with an increase of 89.7% and with that we achieved an improved market position in 2010. Consumer electronics met with strong demand for memory and communication chips worldwide and the semiconductor industry saw increasing activity both at chip and tool manufacturers. The manufacturing of LED backlight and decorative light and OLED displays requires a series of vacuum production steps and is becoming a major market trend as more and more countries ban the sale of traditional light bulbs and LED technology continues to progress. In the solar cell business, wafer based photovoltaic cells recovered steadily throughout the year.

REFRIGERATION & AIR CONDITIONING AS MAIN DRIVER IN ASIA-PACIFIC

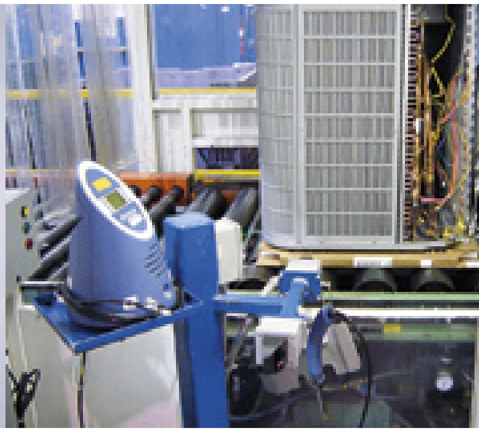
Especially Asian Refrigeration & Air Conditioning markets showed very strong growth and we strengthened further our number one position. The increase was supported by several factors such as improved end consumer demand and tighter quality requirements for energy efficient and ecological devices. INFICON's innovative and easy-to-use tools facilitate quality testing of components and finished appliances. Sales to this market gained a strong 45.4% over the prior year.

EMERGENCY RESPONSE & SECURITY

Although this market showed a slightly negative sales trend with annual sales down by approximately 2%, INFICON is reasonably satisfied with this market's development. Due to the large-scale character of the orders which are mostly placed by government agencies, the sales development tends to oscillate more than in other market areas. Positive signs included a rising interest to replace the first HAPSITE models with newer generation models and the rising sales contribution of the acquired Micro GC product line.

FINANCIAL RESULT

The rising level of economic confidence prompted INFICON to revise its financial guidance for the full year 2010 several times during the course of the year. Closing the books after yet another strong final quarter, INFICON was able to top the updated guidance range with final annual sales of USD 265.4 million. With income from operations of USD 39.2 million, or 14.8% of sales, 2010 was clearly a record year. INFICON was also able to generate strong cash flows and reached USD 50.3 million after USD 11.6 million a year ago. This increase reflects the growth in earnings, the successful optimization of inventories and the effective working capital management as well as typically low capital expenditure needs. On top of this, the company was able to minimize the impact of the exchange rate turbulences on the company. INFICON has its cost structure under control although we see an increase in overhead costs in USD currency, which is mainly driven by new hires, variable compensation and sales incentives.



Net income for the full year increased from USD 2.3 million to USD 27.1 million. This equates to earnings of USD 12.47 per share on a fully diluted basis. The balance sheet continues to be very sound with an equity ratio of approximately 74%.

OUTLOOK

We are confident that the markets have now regained a reasonable level of stability. Based on our deeply anchored technological and market position, INFICON expects a continuation of the positive trend in the General Vacuum Processes market. While we see a stable market environment in the Refrigeration & Air Conditioning market as well as in the Specific Vacuum Process Industries, we expect increased sales to our Emergency Response & Security customers. With that INFICON expects to grow in 2011 with a positive leverage on the operating income level accordingly.

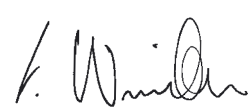
This outlook should allow INFICON to again achieve a significant level of cash flow from operations to further strengthen its balance sheet, finance future growth and reward shareholders.

For the financial year 2010, the Board of Directors intends to propose to distribute CHF 10.00 per share for the financial year 2010 from either retained earnings or legal reserves. Subject to the confirmation by a requested tax ruling the dividend will be paid out of legal reserves from capital contributions.

The Board and Management would like to take this opportunity to thank all our business partners, shareholders and colleagues at all INFICON locations world-wide for their continued support and confidence.

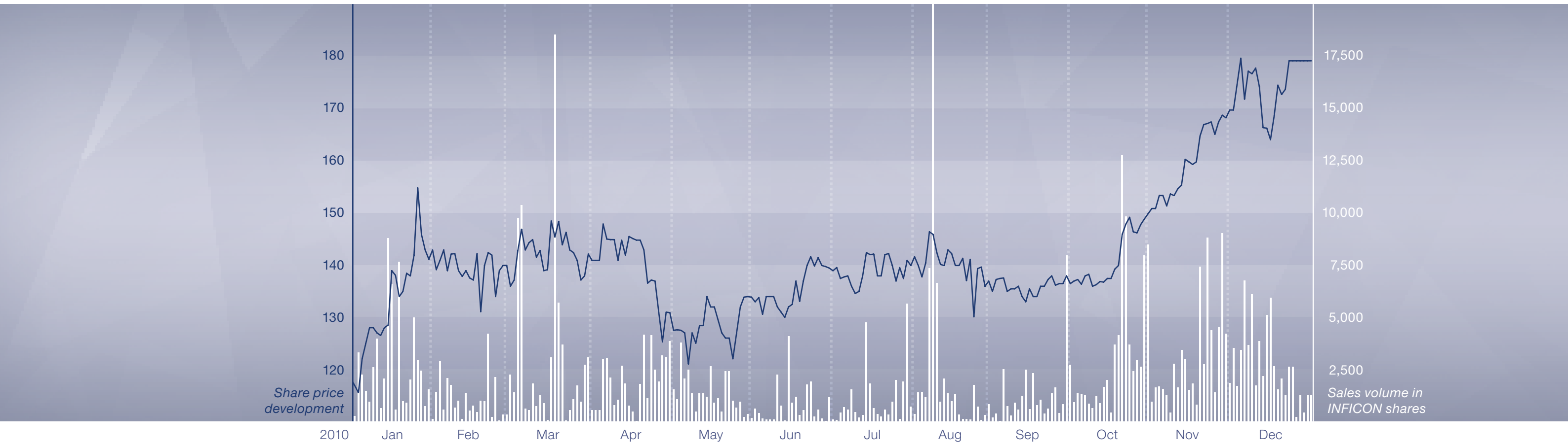
Sincerely,

Gustav Wirz
Chairman of the Board of Directors



Lukas Winkler
President and Chief Executive Officer

CEO, Chairman, CFO
From left to right: Lukas Winkler, Gustav Wirz, Matthias Tröndle



COMPANY CAPITAL	The share capital of INFICON Holding AG consists of 2,174,843 registered shares with a nominal value of CHF 5.00 each.
STOCK MARKET TRADING	The registered shares are listed on SIX Swiss Exchange under – the SIX Security Number 1102994 – ISIN CH0011029946 – the symbol IFCN
IMPORTANT DATES* * Subject to change	April 20, 2011 First quarter results April 28, 2011 Annual General Meeting of Shareholders August 9, 2011 Second quarter results October 20, 2011 Third quarter results March 2012 Fourth quarter / Year-end results 2011
INTERNET/E-MAIL ALERTS	E-mail alerts: The latest financial information from INFICON can automatically be sent via E-mail alert; sign up is available in the Investors section of the INFICON website www.inficon.com

	2006	2007	2008	2009	2010
Key figures per share (CHF)					
Price at year end	192.00	182.50	87.80	117.50	**179.50**
Highest price	199.00	231.50	184.50	134.20	**186.80**
Date	*Dec. 22*	*Jul. 19*	*Jun. 3*	*Oct. 23*	***Dec. 7***
Lowest price	121.10	175.00	80.05	68.00	**119.80**
Date	*Jun. 13*	*Dec. 25*	*Dec. 19*	*Mar. 10*	***Jan. 4***
Earnings per share	9.30	10.70	11.26	1.06	**12.47**
Equity per share	65.70	59.70	64.32	62.67	**73.78**
Gross dividend	6.00	8.00	6.00	4.00	**10.00***

* The proposed dividend is to be paid out from either retained earnings or legal reserves.

GLOBAL PRESENCE

22% Sales in North America
319 Employees in North America

38% Sales in Europe
359 Employees in Europe

39% Sales in Asia-Pacific
165 Employees in Asia-Pacific

1 **INFICON Holding AG**
Bad Ragaz, Switzerland
Parent Company

- 1 **INFICON AG**
  Balzers, Liechtenstein
- 2 **INFICON Inc.**
  Syracuse, NY, USA
  - 3 **INFICON EDC Inc.**
    Overland Park, KS, USA
- 2 **INFICON GmbH**
  Bad Ragaz, Switzerland
  - 4 **INFICON GmbH**
    Cologne, Germany
  - 5 **INFICON Aaland Ab.**
    Mariehamn, Finland
- 1 **INFICON S.A.R.L.**
  Courtaboeuf, France
- 2 **INFICON Ltd.**
  Blackburn, United Kingdom
- 3 **INFICON Pte. Ltd.**
  Singapore
- 4 **INFICON Ltd.**
  Chubei City, Taiwan
- 5 **INFICON Ltd.**
  Hong Kong
- 6 **INFICON (Guangzhou) Instruments Co., Ltd.**
  Guangzhou, China
- 7 **INFICON Ltd.**
  Bungdang, Korea
- 8 **INFICON Co., Ltd.**
  Yokohama-Shi, Japan
- 6 **INFICON Instruments Shanghai Co. Ltd.**
  Shanghai, China

Group Administration/Management
Manufacturing
Sales entities and offices

GROUP ORGANIZATION

(per February 28, 2011)

Board of Directors, CEO and CFO

From left to right: Beat Siegrist, Lukas Winkler (CEO), Gustav Wirz (Chairman), Dr. Thomas Staehelin, Dr. Richard Fischer, Paul Otth, Matthias Tröndle (CFO)

Board of Directors

Committees:
– Audit Committee
– Human Resources and Nominating Committee

CEO

Executive Management

Board of Directors	Gustav Wirz	Chairman	Bottighofen, Switzerland
	Paul Otth	Vice Chairman	Zürich, Switzerland
	Dr. Richard Fischer	Member	Rankweil, Austria
	Beat Siegrist	Member	Herrliberg, Switzerland
	Dr. Thomas Staehelin	Member	Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin	Chairman	
	Paul Otth		
	Beat Siegrist		
Human Resources and Nominating Committee	Dr. Richard Fischer	Chairman	
	Beat Siegrist		
	Dr. Thomas Staehelin		
Executive Management	Lukas Winkler	President and Chief Executive Officer	
	Matthias Tröndle	Vice President and Chief Financial Officer	
	Peter Maier	Vice President and General Manager, Intelligent Sensor Solutions	
	Dr. Ulrich Döbler	Vice President and General Manager, Leak Detection Tools	
	Dr. Urs Wälchli	Vice President and General Manager, Vacuum Control Products	

Investor Relations

Matthias Tröndle, Vice President and CFO
INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland
CEO/CFO Office at INFICON AG, Alte Landstrasse 6, FL-9496 Balzers, Liechtenstein
Tel. +423 388 3512
Fax +423 388 3890
E-mail: matthias.troendle@inficon.com

Board and Executive Secretary

Elisabeth Kühne, General Secretary to the Board of Directors
INFICON, Alte Landstrasse 6, FL-9496 Balzers, Liechtenstein
Tel: +423.388.3510
Fax: +423.388.3850
E-mail: elisabeth.kuehne@inficon.com

INTRODUCTION

This Corporate Governance Report explains the principles of management and control of INFICON Holding AG at the highest corporate level in accordance with the Directive on Information relating to Corporate Governance (the Corporate Governance Directive) issued by the SIX Swiss Exchange.

Corporate governance of INFICON Holding AG complies with the principles and recommendations of the "Corporate Governance – Swiss Code of Best Practice" dated March 25, 2002. The principles and rules of INFICON Holding AG on corporate governance are laid down in the Articles of Incorporation, Organizational Regulations and the Regulations of the board committees of INFICON Holding AG.

Furthermore, the Company's internal guidelines regarding corporate governance are provided in its Articles of Incorporation, Organizational Regulations, Board Committee Charters, Code of Ethics, as well as internal policies.

The following Corporate Governance Report follows the structure of the SIX Swiss Exchange directive.

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Operational Group Structure
See page 12.

INFICON Holding AG is the parent company of the INFICON group which operates from 12 countries and consists of a parent company, 6 manufacturing companies, 8 sales and service subsidiaries, and a management company located in Bad Ragaz, Switzerland which performs administrative, inter-company financing, and intellectual property management functions. The legal entity structure of the INFICON group is seen on page 11.

Listed Corporation: INFICON Holding AG
INFICON Holding AG is based in Bad Ragaz, Switzerland. It has share capital of TCHF 10,874 made up of 2,174,843 shares with a nominal value of CHF 5 each.

Registered shares are listed on the SIX Swiss Exchange under security number 1102994, ISIN CH0011029946 and symbol IFCN.

Market capitalization at December 31, 2010 was TCHF 390,384 based on shares outstanding.

Share Capital and Percentage of Shares Held by Subsidiaries
See statutory financial statements, Note 2, "Investments in Subsidiaries."

1.2 SIGNIFICANT SHAREHOLDERS

Shareholder Structure
Based on number of registered shareholders as of December 31, 2010.

Number of shares	Number of shareholders
> 50,000	6
10,000–50,000	14
1–9,999	1,184
Total	1,204

Shareholders by Country
Based upon number of registered shareholders as of December 31, 2010.

Country	Number of shareholders
Switzerland	989
Germany	81
United States of America	47
Liechtenstein	17
Rest of Europe	58
Rest of World	12
Total	1,204

Major Shareholders
See statutory financial statements, Note 3, "Equity."

1.3 CROSS-SHAREHOLDINGS

INFICON Holding AG has no cross-shareholdings.

2 CAPITAL STRUCTURE

2.1 CAPITAL (ISSUED, AUTHORIZED & CONDITIONAL)

Registered shares of CHF 5 each at December 31, 2010:

Issued share capital	2,174,843	TCHF	10,874
Conditional share capital	183,644	TCHF	918

The issued share capital comprises 2,174,843 registered shares of CHF 5 each. Each share entitles the registered owner to one vote at the general meeting of shareholders, as well as a share of dividends, if any, declared by the Company and proceeds from liquidation, corresponding to its nominal value as a percentage of the total nominal value of issued share capital.

2.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

The Board of Directors is currently not authorized to issue new registered shares.

The articles of incorporation provide for a conditional capital (according to Art. 653 of the Swiss Code of Obligations) of a maximum of TCHF 1,042 through the issuance of 208,431 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. As of December 31, 2010, a total of 24,787 options have been exercised reducing the available conditional shares to 183,644 and the conditional share capital to TCHF 918.

2.3 CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity are presented in the consolidated statements of shareholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2010 and 2009. For the year ended 2008, please refer to the 2008 Annual Report.

2.4 SHARES

For further information refer to Note 2.1, "Capital" as above. No participation certificates are issued.

2.5 PROFIT SHARING CERTIFICATES

The Company currently has no profit sharing certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

The Articles of Incorporation contain no special regulations regarding limitations on transferability and nominee registrations.

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

In conjunction with the employee and director stock option programs, current and former employees as well as current and former members of the Board of Directors held as of December 31, 2010 a total of 150,253 options. These options entitle holders to acquire a total of 150,253 registered shares of INFICON Holding AG. All shares resulting from the exercise of stock options are covered by shares that can be created from conditional capital resulting in an increase in share capital. The aggregate par value of shares purchasable by means of outstanding options amounts to TCHF 751. For a more detailed discussion of stock option plans, please see Notes to Consolidated Financial Statements, Note 12, "Stock Option Plans."

The Company currently has no convertible bonds or bonds with warrants.

3 BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS, OTHER ACTIVITIES AND VESTED INTERESTS, AND INTERNAL ORGANIZATIONAL STRUCTURE

Board of Directors and Management Board
Our articles of incorporation provide that the Board of Directors may consist of one or more members at any time. Directors are elected and removed by shareholder resolution. Members of our Board of Directors serve one-year terms and may be re-elected upon completion of their term of office. The shareholders may remove the directors without cause. Our five directors currently in office were elected by shareholder resolution.

All members of the Board of Directors are non-executive Board members.

According to the law, the Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG. The Board of Directors has delegated the conduct of the day-to-day business operations to the Company's executive officers, who are headed by the Chief Executive Officer. The Chief Executive Officer is responsible for the management of INFICON Holding AG and for all other matters except for those reserved by law and the Articles of Incorporation. The Board of Directors is required to resolve all matters, which are not defined by the law, Articles of Incorporation, or management bylaws as being the responsibility of any other governing body. According to the Swiss Code of Obligations the following non-transferable and inalienable responsibilities are incumbent on the Board of Directors:

- Ultimate management of the Corporation and the issuance of the necessary directives;
- Determination of the organization;
- Structuring of the accounting system and of the financial controls, as well as the financial planning insofar as this is necessary to manage the Corporation;
- Appointment and the removal of the persons entrusted with the management and representation of the Corporation and the granting of the signatory power;
- Ultimate supervision of the persons entrusted with the management, particularly with regard to compliance with the law, the Articles of Incorporation and regulations and directives;
- The preparation of the business report as well as the General Meeting of Shareholders, and the implementation of the latter's resolutions;
- Notification of the judge in the case of over-indebtedness;
- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in the share capital and regarding the amendments to the Articles of Incorporation entailed thereby;
- Examination of the professional qualifications of the specially qualified auditors in those cases in which the law foresees the use of such auditors.

The Board of Directors, as of the date of this report, has established an Audit Committee and a Human Resources and Nominating Committee. Each of these committees has regulations, which outline its duties and responsibilities. The Board of Directors elects the Chairman for each committee. The committees meet regularly carrying out preparatory work to provide the Board of Directors with updates and recommendations at its regular meetings. Their respective chairperson sets the agendas for the committee meetings. The length of the meetings range from an hour up to an entire day, depending on the agenda as decided by the chairman.

The Audit Committee
The Audit Committee consists of three non-executive members of the Board of Directors. Currently, the Audit Committee is comprised of the following members:

Dr. Thomas Staehelin, Chairman
Paul Otth
Beat Siegrist

The responsibilities of the Audit Committee include:

- recommending to the Board of Directors the independent public accountants to be selected to conduct the annual audit of our books and records;
- reviewing the proposed scope of such audit and approving the audit fees to be paid;
- reviewing the adequacy and effectiveness of our accounting and internal financial controls with the independent public accountants and our financial and accounting staff;
- reviewing and approving transactions between the Company, its directors, officers and affiliates; and
- reviewing and reassessing, on an annual basis, the adequacy of our audit committee charter.

The Human Resources and Nominating Committee
The Human Resources and Nominating Committee is to provide a general review of our compensation and benefit plans to ensure they meet corporate financial and strategic objectives, as well as to make recommendations to the board regarding appointment, dismissal and career development of senior management positions. The responsibilities of the Human Resources and Nominating Committee also include the administration of employee incentive plans. The Human Resources and Nominating Committee consists of three non-executive members of the Board of Directors. Currently, the Human Resources and Nominating Committee is comprised of the following members:

Dr. Richard Fischer, Chairman
Beat Siegrist
Dr. Thomas Staehelin

The Strategy Committee
This Committee was responsible for advising the Board on the long-term strategy and how to portray INFICON's strategy to shareholders and the investment community. The Strategy Committee has been dissolved and the tasks have been integrated into the Board of Directors meetings.

Frequency of Meetings of the Board of Directors and its Committees
The Board of Directors holds four or more meetings per year and additional ad hoc meetings and conference calls as necessary. The Audit Committee holds three meetings per year in addition to three quarterly conference calls. The Strategy Committee and the Human Resources and Nominating Committee hold two or more meetings per year.

The following table does not include preparation of meetings, travel time, as well as various separate meetings:

- Meetings with audit firm
- Meetings with senior management and CFO
- Meetings with shareholders
- Evaluation of potential new Board Member

Number of meetings and conference calls in 2010:

	Board of Directors	Audit Committee	Human Resources and Nominating Committee	* Strategy Committee
Number of meetings in 2010	4	3	3	2
Average duration of meetings (in hours)	4.1	2.0	2.6	2.2
Richard Fischer	4	3	3	2
Mario Fontana	2	1	1	2
Paul Otth	4	3	3	2
Beat Siegrist	3	2	2	1
Thomas Staehelin	4	3	3	2
Gustav Wirz	4	3	3	2
PricewaterhouseCoopers personally	0	1	0	0
PricewaterhouseCoopers calling in		2		
Number of conference calls in 2010	1	3		
Average duration of conference calls (in hours)	2	1.2		
Richard Fischer	1	3		
Mario Fontana	1	1		
Paul Otth	1	3		
Beat Siegrist	0	2		
Thomas Staehelin	1	3		
Gustav Wirz	1	3		
PricewaterhouseCoopers	1	3		

* The Strategy Committee meetings have been integrated into the Board of Directors meetings since September 2010.

The meetings took place in Balzers, Syracuse and Cologne.

The Company's Board of Directors is composed of:

GUSTAV WIRZ, Citizen of Switzerland, 1945

Chairman of the Board of Directors,
Member of Audit Committee until May 10, 2010

Educational Background

1966–1969 Technical College in Biel, Switzerland – Mechanical Engineer HTL

Executive Experience

1970–1974 Kulicke & Soffa (Semiconductor Equipment Manufacturer), Head of R&D, Division manager Clean Room Equipment

1974–1979 Seier AG, Switzerland, Semiconductor Assembly Equipment, Managing Director

1979–1999 Alphasem AG (Automatic Die Attach Systems) Founder, Owner and Managing Director

1999 Sold his shares of Alphasem AG (by then one of the worldwide leading companies of Automatic Die Attach Systems) to Dover Corporation

1999–2002 Alphasem AG, President

Previous Board Mandates

1979–1999 Alphasem AG (CH), Chairman

1999–2004 Alphasem AG (CH), Member

1987–1998 SEMI board, the worldwide Industry Association of the Semiconductor Equipment and Materials Industry (first non-US Director)

2004–2007 Exalos AG (CH), Chairman from 2005–2007

2003–2007 NetInvest Holding AG (CH), Member

2003–2009 QCSolutions Inc. (USA), Member

2007–2009 Tec-Sem Group AG (CH), Chairman

Current Board Mandates

Since 2002 The Council of Technical Colleges of Eastern Switzerland, Member

Since 2002 Best-Immo-Invest AG (CH), Chairman

Since 2004 INFICON Holding AG (CH), Chairman since 2005

Since 2008 Best-Immo-Service AG (CH), Member

PAUL E. OTTH, Citizen of Switzerland, 1943

Vice Chairman of the Board of Directors,
Member of Audit Committee

Educational Background

1972 Swiss Certified Public Accountant

Executive Experience

1962–1965 Elektrodenfabrik Oerlikon Bührle, Financial and Cost Accounting

1965–1967 Zürcher Kantonalbank, Traditional Banking and Internal Audit

1968–1974 Neutra Treuhand, Consulting and Auditing

1974–1988 Corange Group (Boehringer Mannheim): 1974–1977 and 1980–1982 International Division, Head of Organization, Consulting, Internal Audit
1978–1979 Boehringer Mannheim France, Co-General Manager, Finance and Administration
1982–1988 Corange Group, Head of Corporate Controlling and Holding Treasurer

1988–1989 Budliger Treuhand, Partner

1989–1996 Landis & Gyr

1989–1994 Division Building Control, Head of Finance and Controlling

1994 Landis & Gyr Europe, Head of Finance and Controlling and Informatics

1994–1996	CFO and member of the Group Executive Board
1996–1998	Elektrowatt Group, CFO and member of the Group Executive Board
1998–2000	Siemens Building Technologies, CFO and member of the Group Executive Board
2000–2002	Unaxis, CFO and member of the Group Executive Board

Previous Board Mandates

1998–2008	SBB, Swiss Railways, Member and Chairman of the Audit Committee
2000–2001	Elma, Member
1999–2004	Esec, Member

Current Board Memberships

Since 1999	EAO, Chairman
Since 2000	INFICON Holding AG, Vice-Chairman
Since 2002	Ascom, Vice-Chairman and Chairman of the Audit Committee
Since 2002	Swissquote, Member of the Board and Chairman of the Audit Committee

RICHARD FISCHER, Citizen of Austria, 1955

Director, Chairman of Human Resources and Nominating Committee

Educational Background

1973–1979	Technical University of Vienna, Master of Science in Electrical and Electronical Engineering
1979–1982	Technical University of Vienna, Assistant Professor, Ph.D. with excellence

Executive Experience

1982–1984	Gama, Access Systems, Austria, R&D Manager and Technical Director
1984–2004	VAT Holding AG, Switzerland, Chief Executive Officer

Previous Board Mandates

2008–2009	Netservice AG, Chairman

Current Board Mandates

Since 1997	VAT Holding AG, Switzerland, Chairman
Since 1990	ARS GmbH, Member
Since 2003	INFICON Holding AG, Member

BEAT SIEGRIST, Citizen of Switzerland, 1960

Director, Member of Audit Committee, Member of Human Resources and Nominating Committee

Educational Background

1980–1985	Swiss Federal Institute of Technology, ETH, Master in Electrical Engineering
1987–1988	INSEAD, Fontainebleau France, MBA

Executive Experience

1985–1986	Contraves AG (Defense Equipment), Development Engineer
1987–1993	McKinsey&Co. (Consulting), First McKinsey Fellows in Switzerland, Consultant and Project Manager
1993–1995	Outsourcing AG (Reorganisation and Outsourcing of Productions), Founder and CEO
1996–2008	Schweiter Technologies (Machinery Equipment for Textiles, Semiconductor and Optics), CEO
Since 2008	Essilor (Ophthalmic Lens Manufacturer), Member of the Executive Team and President of machinery division Satisloh, which was sold to Essilor from Schweiter Technologies

Current Board Mandates

Since 1996	SSM Schärer Schweiter Mettler AG (CH), Chairman
Since 2000	Satisloh Holding AG (CH), Member
Since 2002	Ismeca Semiconductor Holding SA (CH), Chairman
Since 2003	Phoenix Mecano AG (CH), Member
Since 2008	Schweiter Technologies AG (CH), Member
Since 2010	INFICON Holding AG, Member

THOMAS STAEHELIN, Citizen of Switzerland, 1947

Director, Chairman of Audit Committee, Member of Human Resources and Nominating Committee

Educational Background

1967–1971	University of Basel, lic. iur. (Master in Law)
1972–1974	University of Basel, Ph.D. in Law
1973–1975	Various traineeships
1975	Admission to the Bar

Professional Experience

1973	Swiss Bank Corporation, London
1974	SG Warburg & Co., Ltd., London (Portfolio Management, Corporate Finance)
1975–today	Fromer, Schultheiss & Staehelin, Swiss Corporate and Tax Attorney, and Partner

Previous Board Mandates

1990–2005	Rothornbahn und Scalottas AG, Chairman
1996–2008	JRG Gunzenhauser AG, Vice-Chairman
2005–2008	Lenzerheide Bergbahnen AG, Vice-Chairman

Current Board Mandates

Since 1978	Kühne + Nagel International AG, Member
Since 1991	Siegfried Holding AG, Vice-Chairman (1991–1998 Chairman)
Since 1993	Lantal Textiles, Member
Since 2001	INFICON Holding AG, Member
Since 2002	Swissport International AG, Chairman
Since 2005	Scobag Privatbank AG, Chairman
Since 2006	Stamm Bau AG, Chairman

Good Citizenship Mandates

1977–today	"Allgemeine Musikgesellschaft Basel", President
1982–today	Swiss Association of Privately Held Companies, Chairman since 2008
2001–today	Chamber of Commerce of Basle, Chairman
2001–today	Member of the Board of Directors of "economiesuisse" (Swiss Business Federation)
2006–today	Swiss Business Association Saudi Arabia (SBASA), Chairman, and Saudi Swiss Business Council (SSBC), Co-Chairman

MARIO FONTANA, Citizen of Switzerland, 1946

Director, Member of Human Resources and Nominating Committee

Mario Fontana's statutory terms of office expired on May 10, 2010. He decided to resign for personal reasons.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

For further information refer to Note 3.1.

3.3 ELECTIONS AND TERMS OF OFFICE

According to the Articles of Incorporation, the members of the Board of Directors are elected for a term of one year. Election occurs at the general meeting of shareholders.

The members of the Board of Directors were elected individually as follows:

Board of Directors	Date First Elected	Term Expires
Richard Fischer	May 2003	May 2011
Paul Otth	November 2000	May 2011
Beat Siegrist	May 2010	May 2011
Thomas Staehelin	May 2001	May 2011
Gustav Wirz	May 2004	May 2011

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

Refer to page 12.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors has delegated authority to the Company's executive officers to execute the Company's approved annual budget. INFICON Holding AG has a comprehensive financial and enterprise reporting system to gather and report its financial results. The quarterly financial results are reviewed and approved by the Audit Committee prior to issuance to the public. Additionally, the Board of Directors provides oversight and approval for potential acquisitions or strategic partnerships.

3.6 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE SENIOR MANAGEMENT

Information regarding the current state of the business is provided continuously at the meetings of the Board of Directors in an appropriate format and is presented by the persons bearing responsibility for oversight of the financial and operational aspects of the business.

The Board of Directors receives monthly reports from the Senior Management.

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management and processes.

Members of the Board of Directors and Senior Management attend the Audit Committee meetings.

The external auditors, PricewaterhouseCoopers AG conduct their audit in compliance with Swiss law and in accordance with Swiss auditing standards and with generally accepted auditing standards in the United States of America.

4 SENIOR MANAGEMENT

4.1 MEMBERS OF THE SENIOR MANAGEMENT, OTHER ACTIVITIES AND VESTED INTERESTS, MANAGEMENT CONTRACTS

Our executive officers are responsible for our day-to-day management. The executive officers have individual responsibilities established by our Organizational Regulations and by the Board of Directors.

LUKAS WINKLER, Citizen of Switzerland, 1962

President and Chief Executive Officer (since January 2004)

Educational Background

1982–1986	Swiss Federal Institute of Technology (ETH), Zürich, Dipl. Ing. ETH, BWI
1999–2001	Syracuse University, NY, USA, Executive MBA

Executive Experience

1987–1989	General Motors Europe AG, Switzerland, Engineer
1989–1991	Maschinenfabrik Rieter AG, Switzerland, Project-Manager
1991–1992	Maschinenfabrik Rieter AG, Switzerland, Department Head

1993–1994	UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Logistics
1995–1996	UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Production
1996–2003	Balzers and Leybold Instrumentation and INFICON AG, Liechtenstein, Vice President and General Manager (member of the Executive Team)
2004–today	INFICON Holding AG, Bad Ragaz, Chief Executive Officer

MATTHIAS TRÖNDLE, Citizen of Germany, 1960

Vice President and Chief Financial Officer (since September 2008)

Educational Background

1982–1985	University of Cooperative Education, Mannheim, Degree in Business Administration (Diplom-Betriebswirt)

Executive Experience

1985–1988	Digital Equipment Corporation (DEC), Stuttgart, Financial Analyst Software Development and Sales
1988–1995	Hewlett Packard GmbH, Headquarters Germany, Senior Financial Analyst Headquarters Germany Finance Manager of two subsidiaries in Germany and Switzerland Accounts Receivables and Credit Manager Accounting & Reporting Manager Leasing & Remarketing Commercial Manager Leasing & Remarketing Division
1995–2003	Solectron GmbH, Germany, Director Finance Germany
2003–2003	Solectron Romania SRL, Timisoara – Romania, Director Finance Eastern Europe (9 months)
2003–2008	Solectron Europe BV, Amsterdam, Senior Director Finance Europe
2008–today	INFICON Holding AG, Bad Ragaz, Chief Financial Officer

PETER MAIER, Citizen of Germany, 1962

Vice President and General Manager Intelligent Sensor Solutions (since December 2007)

Educational Background

1984–1990	University of Karlsruhe, Master Degree in business administration and engineering with specialization in operations research

Executive Experience

1991–1994	Heidelberg Druckmaschinen AG, Germany, Controller
1994–1996	Deloitte Consulting LLC, US, Consulting Project Manager for SAP Implementations
1996–1998	Leybold Inficon Inc., US, Director of Information Systems
1998–2000	Leybold Inficon Inc., US, Vice President of Finance and Controller for the Instrumentation Division
2000–2008	INFICON Holding AG, Switzerland, Chief Financial Officer
2007–today	INFICON Inc., US, General Manager of Business Unit Intelligent Sensor Solutions

ULRICH DÖBLER, Citizen of Germany, 1955

Vice President and General Manager Leak Detection Tools (since July 2000)

Educational Background

1975–1986	University of Cologne, Diploma in Physics, Ph.D. in Experimental Physics

Executive Experience

1982–1986	Assistant at the II. Institute of Physics, University of Cologne
1986–1996	Leybold AG, Germany, Manager Application Group, later: Manager of Mechanical Engineering
1997–2000	Leybold AG, Germany, Marketing and Engineering Manager of Leak Detection
2000–today	INFICON GmbH, Germany, General Manager of Business Unit Leak Detection Tools

URS WÄLCHLI, Citizen of Switzerland, 1961

Vice President and General Manager Vacuum Control Products (since March 2004)

Educational Background

1982–1987	University of Bern, Master Degree, lic. phil. nat. in Physics with Philosophy and Mathematics as BA's
1987–1991	University of Bern, Doctoral Thesis, Ph.D. in Experimental Physics
1999–2001	Swiss Federal Institute of Technology (ETH) Zürich, MIM (Master of Industrial Management)

Executive Experience

1993–1994	Balzers AG, Liechtenstein, R&D Physicist, Project Manager
1995–1996	Balzers AG, Liechtenstein, R&D Manager of Product Group Leak Detector

1996–2000	Balzers and Leybold Instrumentation, Liechtenstein, R&D Manager Division Vacuum Measurement
2000–2003	INFICON AG, Liechtenstein, R&D Manager
2004–today	INFICON AG, Liechtenstein, General Manager of Business Unit Vacuum Control Products

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

Refer to Note 4.1 for any activities and vested interests.

4.3 MANAGEMENT CONTRACTS

INFICON Holding AG has not entered into any management contracts with third parties outside the Group.

5 COMPENSATION, SHAREHOLDINGS AND LOANS

Please refer to the compensation report pertaining to compensation, shareholdings and loans, as well as the content and method of determining the compensation and shareholdings programs.

6 SHAREHOLDER PARTICIPATION

6.1 VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS

Each of our shares carries one vote at our shareholders' meetings. Voting rights may be exercised only after a shareholder has been recorded in our share register (Aktienbuch) as a shareholder with voting rights. We may enter into agreements with banks or financial companies which hold shares for the account of other persons (nominees) regarding the exercise of the voting rights related to the shares. Registration with voting rights is subject to restrictions.

Our shares are cleared and settled through SIS Segaintersettle AG. The shares will not be physically represented by certificates but, will be managed collectively in book-entry form by SIS Segaintersettle AG. Shareholders are therefore not entitled to have their shares physically represented and delivered in certificate form (aufgehobener Titeldruck). They can, however, request a statement confirming their ownership of the shares.

6.2 STATUTORY QUORUMS

The Articles of Incorporation contain no quorums greater than that set out by the applicable legal provisions.

6.3 GENERAL MEETINGS OF SHAREHOLDERS

The Articles of Incorporation contain no rules on the convocation of the General Meeting of Shareholders that differ from applicable legal provisions.

6.4 AGENDA

Shareholders holding shares with a par value of at least TCHF 500 have the right to request in writing, at least 50 days prior to the day of the respective shareholders' meeting, that a specific proposal be discussed and voted upon at such shareholders' meeting.

6.5 ENTRIES INTO THE SHARE REGISTER

Only those shareholders with voting rights whose names were recorded in the Company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the General Meeting, i.e. not more than 3 to 4 weeks before the General Meeting. There are no exceptions to this rule regarding the closing date for registration.

7 CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The Company's Articles of Incorporation do not include "opting-out" or "opting-up" clauses and accordingly under Article 32 of the Swiss Securities Exchanges and Securities Trading Act a shareholder who acquires 33⅓% or more of the Company's shares is obliged to submit a public offer for the remaining shares.

7.2 CLAUSES ON CHANGES OF CONTROL

The Key Employee Stock Option plan contains a provision whereby all unvested outstanding options vest upon a change in control and the one year restriction on exercise of options for the Directors Stock Option plan is released upon a change in control.

Our Chief Executive Officer, Lukas Winkler, has an agreement that in case of change of control his notice period will be extended from six to twelve months.

8 AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Statutory auditors pursuant to Art. 727 and 728, respectively, of the Swiss Code of Obligations is PricewaterhouseCoopers AG, Zürich, elected for one year. PricewaterhouseCoopers AG commenced its mandate as statutory auditors of INFICON Holding AG in June 2002. The lead engagement partner, Mr Stefan Räbsamen, has been responsible for the audit of the statutory and consolidated financial statements of INFICON Holding AG since financial year 2009. The significant subsidiaries of INFICON Holding AG are audited by member firms of PricewaterhouseCoopers.

8.2 AUDITING FEES

Audit fees for the 2010 audit were approximately TUSD 503 (TCHF 473).

8.3 ADDITIONAL FEES

Fees paid for non-audit services, consisting of tax services, rendered during 2010 were approximately TUSD 169 (TCHF 159).

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee of the Board initially proposed the appointment of PricewaterhouseCoopers AG following a review of offers received from 3 competing firms of independent accountants for the 2002 reporting year.

Each year the Audit Committee reviews and discusses the scope of the proposed audit work and the timely quarterly reviews, and evaluates the performance and fees of the auditors. Periodically the lead auditor participates in the Audit Committee meetings. In 2010 the audit firm attended three conference calls, two meetings calling in and one meeting in person (see Frequency of meetings of the Board of Directors and its Committees).

Criteria applied to the performance and compensation evaluation of PricewaterhouseCoopers includes: technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to INFICON, ability to provide effective, practical recommendations and effective communication and coordination with the Audit Committee and financial management.

Following the audit work, the auditors submit a report on their results, including all communications required, to the Audit Committee and to the Board of Directors in accordance with Swiss auditing standards and with generally accepted auditing standards in the United States of America. The Audit Committee meets with the auditors to discuss and review their feedback. Based on this information, the Audit Committee determines changes and improvements as necessary.

9 INFORMATION POLICY

INFICON Holding AG pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately as ad hoc announcements, in accordance with the obligation to publish on the SIX Swiss Exchange. Annual financial reports are issued for the benefit of shareholders and potential investors in March following the year end closing. Income statements and balance sheets are prepared on a quarterly basis. A 2010 half-year report was published in August 2010. Information available for investors can be found at www.inficon.com.

INTRODUCTION

This report, integrated for a first time as a separate chapter of the Annual Report, describes the principles of remuneration at INFICON. Unless otherwise indicated, all information refers to the financial year 2010 closed on December 31, 2010. This report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by economiesuisse and complies with Chapter 5 of the Appendix to the SIX Guidelines concerning information on corporate governance and the requirements regarding transparency as defined in Art 663b bis and Art 663c of the Swiss Code of Obligations.

1 REMUNERATION POLICY

INFICON is a globally active company which maintains a remuneration policy in accordance with general market practice and individual performance. This ensures the Company's ability to hire and retain the right talent. Individual remuneration complies with requirements, skills, performance and the company's economic success. Overall remuneration policy is performance oriented and contains a variable component which applies to all staff.

The Human Resources and Nominating Committee annually reviews the principles of the remuneration policy. Based on a proposal of this Committee, the Board of Directors decides on the level of compensation for the members of the Board and the Senior Management annually once the audited financial results have been submitted to the Board.

No consultant was appointed by the Board of Directors to develop the principles of the remuneration policy.

2 COMPENSATIONS FOR ACTING MEMBERS OF GOVERNING BODIES

Compensation of Board of Directors, members of Senior Management as well as the highest-paid members of the Senior Management are displayed in tabular form in the Notes to Consolidated Financial Statements, Note 21, "Additional Information Required by Swiss Law."

3 BOARD OF DIRECTORS COMPENSATION

Remuneration of the Chairman of the Board of Directors and other Board members comprises a fixed cash component and a component consisting of stock options.

The Human Resources and Nominating Committee annually propose the total compensation levels for the Chairman and the other members of the Board based on what has been assessed as industry standard for comparable Swiss industrial companies of similar size and on the Committee member's experience. The Board of Directors then decides on the level of cash compensation and the stock options allotment for the members of the Board. Every Board member receives a fixed number of stock options according to their responsibilities and functions.

The total compensation paid to the Board of Directors conforms to conferred responsibilities and market conditions.

Stock options have a duration of seven years. They are exercisable one year after allocation. The exercise price equals the quoted market price on the day of the option allotment. The allotment occurs five working days after the Ordinary Annual General Meeting. The amount of stock options remained unchanged versus the prior year.

Neither attendance fees nor flat rate expenses are paid.

The compensation of the Chairman and the other Board members did not change over the previous year.

4 COMPENSATION FOR FORMER BOARD OF DIRECTORS MEMBERS

No compensations were paid.

5 COMPENSATION TO MEMBERS OF THE SENIOR MANAGEMENT

Based on a proposal of the Human Resource and Nominating Committee, the Board of Directors decides annually on the compensation for Senior Management. The total compensation is based on what has been assessed as industry standard for comparable Swiss industrial companies of similar size and on Senior Management's experience.

CEO and Senior Management receive a fixed base cash salary, a performance and results oriented bonus, as well as a fixed number of INFICON Holding AG stock options according to their functional grade.

The performance and results oriented bonus serves as an incentive to achieve short-term goals and options affect a long-term relationship to the enterprise. The composition and amount of the compensation are in accordance with the sector and labour market and are reviewed annually. The bonus depends on the fulfilment of individual/strategic performance goals and on the company's economic performance. For Senior Management members the target bonus is at 50% of the base salary and 60% for the CEO. The economic performance is based on operating profit as well as on working capital, weighted for 70%. Weighting of individual/strategic goals accounts for 30%. Yearly goals are defined by the Board of Directors.

The base compensation of the Senior Management members did not change over the previous year. Due to the economic performance of the company and fulfillment of individual objectives the variable compensation has been increased over the previous year.

Share-based remuneration in terms of options is a long-term incentive. A fixed number of stock options are allotted to each member of the Senior Management. The amount of stock options remained unchanged versus the prior year. They have a duration of seven years. Each year a quarter of the options may be exercised. The allotment occurs five working days after the Ordinary Annual General Meeting.

6 SEVERANCE COMPENSATIONS

No severance payments have been contractually defined for members of the Board of Directors or the Senior Management. For the financial year 2010 no severance compensations were paid.

7 LOANS TO GOVERNING BODIES

No loans were granted to members of the Board of Directors or Senior Management.

8 EMPLOYMENT CONTRACTS

The employment contracts of the Senior Management members make no provision for unusually long notice periods or contract terms. In the event of a change of control, the CEO's period of notice extends from six to twelve months. Furthermore, allotted options of option plan participants are automatically fully vested.

9 SHARE OWNERSHIP OF GOVERNING BODIES

The members of the Senior Management held together on December 31, 2010 directly and indirectly a total of 0.28% bearer shares or 0.28% of the voting rights of INFICON. The members of the Board of Directors held together on December 31, 2010 directly and indirectly a total of 2.04% bearer or 2.04% of the voting rights in INFICON.

(US Dollars in Millions)

INCOME STATEMENT

Net Sales

Net Sales increased by MUSD 83.7 or 46.1% to MUSD 265.4 in 2010 from MUSD 181.7 in 2009, with a positive impact of MUSD 3.0 from changes in currency exchange rates. The General Vacuum Processes market increased by MUSD 27.6, representing a 33.8% increase from 2009. Sales to the Specific Vacuum Process Industries market had the largest increase of MUSD 43.4 or 89.7% from 2009, driven by a sharp increase of sales to semiconductor and equipment manufacturers in 2010 across all regions. Sales to the Refrigeration & Air Conditioning (RAC) market increased by MUSD 13.2 or 45.4% from 2009 as a result of higher demand from mainly Asian and European RAC manufacturers. Sales to the Emergency Response & Security market were stable with a slight decrease of MUSD 0.5 or 2.2%, primarily resulting from lower sales in North America and Europe compensated by higher sales in Asia.

Gross Profit

Gross profit margin was 47.1% for 2010 versus 41.7% for 2009. This increase resulted from higher absorption of manufacturing overhead on significantly higher sales volume as well as one-time charges for headcount reductions and inventory adjustments in 2009.

Research and Development

Research and development costs increased to MUSD 23.2 from MUSD 20.0 in 2009. The MUSD 3.2 increase is mainly caused by the return to normal operations in 2010 as well as higher accruals for bonus payments. The Company maintained focus on new product development and the spending on research and development as a percentage of net sales ended at 8.7% in 2010 versus 11.0% in 2009.

Selling, General and Administrative (SGA)

SGA expenses increased to MUSD 62.7 in 2009 from MUSD 50.7 in 2009, with changes in currency exchange rates representing MUSD 0.7 of the increase. The increase is mainly due to increased headcount as well as accruals for sales commissions on higher sales levels and bonus payments. SGA spending as a percentage of net sales decreased to 23.6% from 27.9% in 2009.

Income from Operations

Income from Operations increased significantly to MUSD 39.2 or 14.8% of net sales for 2010 from MUSD 5.1 or 2.8% of net sales for 2009. The profitability was heavily impacted by the strong sales increase, the improved gross profit margin and a cost structure that has been kept under control.

Other Expense

Other expense was MUSD 2.7 for 2010 as compared to other expense of MUSD 0.3 for 2009. Foreign currency losses accounted for MUSD 2.4 of the expense for 2010 versus MUSD 0.2 in 2009.

Interest Income

Interest income remained stable on MUSD 0.1 for 2010 versus 0.1 MUSD for 2009. Lower interest rates have offset the higher average monthly cash balance of MUSD 52 versus MUSD 36 in 2009.

Provision for Income Taxes

Provision for income taxes rose to MUSD 9.6 or 26.2% of income before taxes for 2010 from a provision of MUSD 2.6 or 53% of income before taxes for 2009. This increase in absolute numbers is primarily due to higher profits in 2010 whereas the relative decline is caused by a valuation allowance for previously capitalized Deferred Taxes in 2009.

BALANCE SHEET AND CASH FLOW

Trade accounts receivable, net increased by MUSD 8.7 to MUSD 38.4 at December 31, 2010 as compared to MUSD 29.7 at December 31, 2009. This increase was primarily driven by higher sales in 2010 compared to 2009. Days sales outstanding improved significantly and ended at 45.8 days for 2010 versus 48.9 days for 2009 using a 4-point average of quarter-end balances.

Inventories, net increased by MUSD 5.7 to MUSD 28.5 at December 31, 2010 as compared to MUSD 22.8 at December 31, 2009. Inventory turns strongly improved to 5.4 in 2010 versus 4.1 in 2009 using a 4-point average of quarter-end inventory balances.

Goodwill increased by MUSD 0.9 to MUSD 19.4 due to the recognition of goodwill related to the Agilent Technologies Inc. and Pernicka Corporation transactions.

Accrued liabilities increased by MUSD 15.0 to MUSD 29.0 at December 31, 2010. This increase was primarily driven by significantly higher bonus and sales commission accruals.

Income taxes payable increased by MUSD 4.8 to MUSD 4.9 at December 31, 2010, mainly caused by higher taxable profits.

Cash and short-term investments at December 31, 2010 totaled MUSD 70.3, an increase of MUSD 38.1 when compared to December 31, 2009. The increase resulted mainly from significantly higher net income and lower cash dividends paid in 2010.

CONSOLIDATED BALANCE SHEET

(US Dollars in Thousands, except share and per share amounts)

	Note	**December 31, 2010**	December 31, 2009
ASSETS			
Cash and cash equivalents		**68,118**	30,152
Short-term investments		**2,210**	2,115
Trade accounts receivable, net		**38,428**	29,748
Inventories	*4*	**28,529**	22,791
Deferred tax assets	*16*	**5,549**	4,660
Other current assets		**4,146**	4,694
Total current assets		**146,980**	94,160
Property, plant and equipment, net	*5*	**26,793**	28,224
Deferred tax assets	*16*	**17,256**	23,221
Goodwill	*6*	**19,434**	18,582
Intangible assets, net	*7*	**4,156**	1,907
Other non-current assets		**1,725**	4,395
Total non-current assets		**69,364**	76,329
Total assets		**216,344**	170,489
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade accounts payable		**7,809**	6,210
Short-term borrowings	*8*	**3,453**	2,406
Accrued liabilities	*9*	**28,952**	13,995
Income taxes payable		**4,875**	69
Deferred tax liabilities	*16*	**458**	211
Total current liabilities		**45,547**	22,891
Deferred tax liabilities	*16*	**73**	293
Other non-current liabilities		**10,538**	12,560
Total non-current liabilities		**10,611**	12,853
Total liabilities		**56,158**	35,744
Common stock (2,171,249 in 2010 and 2,150,056 in 2009 shares issued / 2,171,249 in 2010 and 2,150,056 in 2009 shares outstanding; par value CHF 5)	*11*	**6,091**	6,021
Additional paid-in capital		**69,578**	66,144
Retained earnings		**77,047**	57,508
Accumulated other comprehensive income	*14*	**7,470**	5,072
Total shareholders' equity		**160,186**	134,745
Total liabilities and shareholders' equity		**216,344**	170,489

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(US Dollars in Thousands, except per share amounts)

Year ended December 31,	Note	2010	2009
Net sales	15	**265,408**	181,696
Cost of sales		**140,313**	105,916
Gross profit		**125,095**	75,780
Research and development		**23,170**	19,999
Selling, general and administrative		**62,687**	50,689
Operating income		**39,238**	5,092
Interest expense (income), net		**(86)**	(64)
Other expense (income), net		**2,658**	328
Income before income taxes	16	**36,666**	4,828
Provision for income taxes	16	**9,595**	2,558
Net income		**27,071**	2,270
Earnings per share:	17		
Basic		**12.56**	1.06
Diluted		**12.47**	1.06

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(US Dollars in Thousands, except share and per share amounts)

	Note	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 2008		6,009	65,048	66,984	864	138,905
Net income				2,270		2,270
Other comprehensive income:						
Unrealized gain on foreign currency hedges, net of income taxes (USD (58))	*19*				104	104
Unrecognized gain related to pensions, net of tax (USD (479))	*13, 18*				3,837	3,837
Foreign currency translation adjustments	*2*				267	267
Total comprehensive income						6,478
Issuance of common stock from exercise of stock options	*12*	12	207			219
Stock-based compensation	*12*		889			889
Dividends paid (CHF 6 per share)				(11,746)		(11,746)
Balance at December 31, 2009		6,021	66,144	57,508	5,072	134,745
Net income				27,071		27,071
Other comprehensive income:						
Unrealized loss on foreign currency hedges, net of income taxes (USD 36)	*19*				(64)	(64)
Unrecognized expense related to pensions, net of tax (USD 684)	*13, 18*				(25)	(25)
Foreign currency translation adjustments	*2*				2,487	2,487
Total comprehensive income						29,469
Issuance of common stock from exercise of stock options	*12*	70	2,624			2,694
Stock-based compensation	*12*		810			810
Dividends paid (CHF 4 per share)				(7,532)		(7,532)
Balance at December 31, 2010		6,091	69,578	77,047	7,470	160,186

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(US Dollars in Thousands)

Year ended December 31,	Note	2010	2009
Cash flows from operating activities:			
Net income		**27,071**	2,270
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	*21*	**5,789**	6,695
Amortization	*21*	**932**	864
Deferred taxes		**4,062**	1,962
Stock-based compensation	*12*	**810**	889
Changes in operating assets and liabilities, excluding effects from acquisition:			
Trade accounts receivable		**(7,615)**	(2,827)
Inventories		**(3,027)**	8,336
Other assets		**3,064**	(7,702)
Trade accounts payable		**1,109**	3
Accrued liabilities		**14,511**	(6,354)
Income taxes payable		**4,790**	(591)
Other liabilities		**(1,159)**	8,051
Net cash provided by operating activities		**50,337**	11,596
Cash flows from investing activities:			
Purchases of property, plant and equipment		**(3,602)**	(8,708)
Acquisitions of businesses net of cash acquired	*3*	**(6,346)**	(2,330)
Change in short-term investments		**(95)**	(2,115)
Net cash used in investing activities		**(10,043)**	(13,153)
Cash flows from financing activities:			
Cash dividend paid		**(7,532)**	(11,746)
Increase in short-term borrowings	*8*	**1,359**	105
Decrease in short-term borrowings	*8*	**(312)**	(2,439)
Proceeds from exercise of stock options	*12*	**2,694**	219
Net cash used in financing activities		**(3,791)**	(13,861)
Effect of exchange rate changes on cash and cash equivalents		**1,463**	(272)
Change in cash and cash equivalents		**37,966**	(15,690)
Cash and cash equivalents at beginning of period		**30,152**	45,842
Cash and cash equivalents at end of period		**68,118**	30,152

The accompanying notes form an integral part of the consolidated financial statements.

(US Dollars in Thousands, except share and per share amounts)

1 DESCRIPTION OF BUSINESS

INFICON Holding AG (INFICON or the "Company") is domiciled in Bad Ragaz, Switzerland, as a corporation (Aktiengesellschaft) organized under the laws of Switzerland.

The Company's stock is traded on the SIX Swiss Exchange in Switzerland. INFICON provides world-class instruments for gas analysis, measurement and control, and our products are essential for gas leak detection in air conditioning, refrigeration, and automotive manufacturing.

They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes.

The Company also leverages its expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

INFICON has world-class manufacturing facilities in Europe, the United States and China, as well as subsidiaries in China, Finland, France, Germany, Japan, Korea, Liechtenstein, Singapore, Switzerland, Taiwan, the United Kingdom and the United States.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Significant Accounting Policies and Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported and disclosed amounts of (contingent) assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses. Management bases its estimates and judgments on historical experience and on various other factors believed to be reasonable under the circumstances that form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The main estimates include pension, deferred taxes, reserves, accruals and provisions

Cash and Cash Equivalents and Short-Term Investments
The Company considers all highly-liquid investments with an original maturity of three months or less on their acquisition date to be cash equivalents. The Company classifies investments with an original maturity of more than three months on their acquisition date as short-term investments. Short-term investments consist of certificates of deposit, time deposits, or money market mutual funds.

Trade Accounts Receivable
Trade accounts receivable are shown net of allowances for doubtful accounts of USD 613 and USD 733 at December 31, 2010 and 2009, respectively. The Company markets its products to a diverse customer base globally. Trade credit is extended based upon evaluation of each customer's ability to perform its obligations. These evaluations are updated periodically and the Company may require deposits on large orders but does not require collateral to support customer receivables. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual write-offs may be in excess of the recorded allowance.

Concentration Risk
The following table respresents the most significant customer net sales of the years in USD:

	2010	2009
Customer A	38,674	31,408
Customer B	24,751	17,494

Inventories
Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out method. The reserve

for estimated obsolescence or unmarketable inventory is equal to the difference between the cost of inventory and the estimated fair value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required. The reserve for excess and obsolete inventories was USD 4,570 and USD 5,062 as of December 31, 2010 and 2009, respectively.

Income Taxes
Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statement of Income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not such assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. If applicable, the Company will accrue interest and/or penalties for any uncertain tax positions as a component of income tax expense. Refer to Note 16, “Income Taxes” for additional information.

Property, Plant, and Equipment
Property, plant, and equipment are stated at cost, less accumulated depreciation. Expenditures for major renewals and improvements that extend the useful lives of property, plant and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in earnings. Depreciation is provided on the straight-line method over the estimated useful lives of 20 years for buildings and three to ten years for machinery and equipment. The Company does not depreciate land.

Goodwill and Intangible Assets
The Company reviews goodwill and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of intangibles may not be recoverable, and also reviews goodwill annually. Goodwill and intangible assets deemed to have indefinite lives are not subject to amortization, while all other identifiable intangibles are amortized over their estimated useful life. Intangible assets, such as purchased technology, customer relationships, contract backlog and non-competition/non-solicitation agreements, are generally recorded in connection with the acquisition of a business. The value assigned to intangible assets is generally determined by or with assistance of an independent valuation firm based on estimates and judgments regarding expectations for the success and life cycle of customers, products and technology acquired. If actual results differ significantly from the estimates, or other indications are present, the Company may be required to record an impairment charge to write down the asset to its realizable value. In addition, goodwill is tested annually using a two-step process. The first step is to identify any potential impairment by comparing the carrying value of the reporting unit to its fair value. If a potential impairment is identified, the second step is to compare the implied fair value of goodwill with its carrying amount to measure the impairment loss. A severe decline in fair value could result in an impairment charge to goodwill, which could have a material adverse effect on the Company’s business, financial condition and results of operations. The Company performs its annual impairment analysis during the fourth quarter.

Pension Benefits
The pension benefit costs and credits are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rate, expected return on plan assets and rate of compensation increase. The Company considers current market conditions, including changes in interest rates, in selecting these assumptions. Changes in the related pension benefit costs or credits may occur in the future in addition to changes resulting from fluctuations in the Company’s related headcount due to changes in the assumptions. The Company measures plan assets and obligations that determine the funded status as of the end of the year and recognizes the changes in the funded status in the year in which the changes occur. Those changes are reported in Note 14, “Accumulated Other Comprehensive Income” as a separate component of Shareholder’s Equity. Refer to Note 13, “Employee Benefit Plans” for further information.

Revenue Recognition
Revenue is recognized upon the transfer of title and risk of loss which is generally upon shipment. In some instances, the Company provides training and maintenance to customers after the product has been shipped. The Company allocates the revenue between the multiple elements based upon relative fair value and defers the revenue related to the undelivered elements until the training and maintenance is complete. Fair value is the price charged when the element is sold separately.

When a customer's acceptance is required, revenue is not recognized until the customer's acceptance is received. The Company accrues for anticipated returns and warranty costs upon shipment.

Research and Development
Research and development costs are expensed as incurred.

Shipping and Handling Costs
Revenue and costs associated with shipping products to customers are included in sales and cost of sales, respectively.

Warranties
The accrual for the estimated cost of product warranties is provided for at the time revenue is recognized. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of the Company's component suppliers, the Company's warranty obligation is affected by product failure rates, material usage, and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from the Company's estimates, revisions to the estimated warranty liability may be required.

Advertising Costs
Advertising costs of USD 223 in 2010 and USD 251 in 2009 are expensed as incurred.

Stock-Based Compensation
The Company applies ASC 718 "Compensation – Stock Compensation" related to its stock-based compensation awards. According to ASC 718, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The stock-based compensation expenses are allocated over the vesting period of the award. For awards, which consist of portions with different vesting periods, the compensation expense is recognized pro rata for each portion of the award over the respective vesting period of such portion. Refer to Note 12, "Stock Option Plans" for further information.

Foreign Currency Translation
The functional currency of the Company's foreign subsidiaries is the applicable local currency. For those subsidiaries, assets and liabilities are translated to US Dollars at year-end exchange rates. Income and expense accounts are translated at the average monthly exchange rates in effect during the year. The effects of foreign currency translation adjustments are included in accumulated other comprehensive income as a component of shareholders' equity. Gains and losses from foreign currency transactions are reported in the statement of income under other expense (income), net. Refer to Note 14 "Accumulated Other Comprehensive Income (Loss)" for further information.

The following foreign exchange rates versus the U.S. Dollar have been applied when translating the financial statements of the Company's major subsidiaries:

	Period-end rates		Average rates	
Currency	**2010**	2009	**2010**	2009
Swiss Franc	**1.0632**	0.9636	**0.9597**	0.9236
Euro	**1.3253**	1.4333	**1.3238**	1.3946
Japanese Yen	**0.0123**	0.0108	**0.0114**	0.0107
Hong Kong Dollar	**0.1285**	0.1290	**0.1287**	0.1290
Korean Won	**0.0009**	0.0007	**0.0009**	0.0007

Impairment of Long-Lived Assets
In accordance with FASB ACS 360, "Property, Plant, and Equipment," long-lived assets to be held and used by an entity are to be reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value to fair value.

Software Cost
The Company capitalizes internal-use software development costs in accordance with the provisions of FASB ASC 350-40, "Internal Use Software". The capitalized cost is amortized beginning when it is placed into service on a straight-line basis over its estimated life.

Reclassification
Certain reclassifications have been made to prior years' financial statements to conform to the current year presentation.

Recent Accounting Pronouncements
Pronouncements not yet effective:
In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements." This ASU establishes the accounting and reporting guidance for arrangements including multiple revenue-generating activities. This ASU provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. The amendments in this ASU also establish a selling price hierarchy for determining the selling price of a deliverable. Significantly enhanced disclosures are also required to provide information about a vendor's multiple-deliverable revenue arrangements, including information about the nature and terms, significant deliverables, and its performance within arrangements. The amendments also require providing information about the significant judgments made and changes to those judgments and about how the application of the rel-

ative selling-price method affects the timing or amount of revenue recognition. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company has evaluated this new ASU and has determined that it will not have a significant impact on the determination or reporting of the Company's financial results.

In October 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements." This ASU changes the accounting model for revenue arrangements that include both tangible products and software elements that are "essential to the functionality," and scopes these products out of current software revenue guidance. The new guidance will include factors to help companies determine what software elements are considered "essential to the functionality." The amendments will now subject software-enabled products to other revenue guidance and disclosure requirements, such as guidance surrounding revenue arrangements with multiple-deliverables. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company has evaluated this new ASU and has determined that it will not have a significant impact on the determination or reporting of the Company's financial results.

Pronouncements adopted during 2010:
As of January 1, 2010, the Company adopted the accounting guidance issued in ASU No. 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," issued by the FASB in September 2009. This ASU provides amendments for the fair value measurement of investments to create a practical expedient to measure the fair value of an investment in certain entities on the basis of the net asset value per share of the investment (or its equivalent) determined as of the reporting entity's measurement date. Therefore, certain attributes of the investment (such as restrictions on redemption) and transaction prices from principal-to-principal or brokered transactions will not be considered in measuring the fair value of the investment if the practical expedient is used. The amendment in this ASU also requires disclosures by major category of investment about the attributes of those investments, such as the nature of any restrictions on the investor's ability to redeem its investments at measurement date, any unfunded commitments, and the investment strategies of the investees. The adoption of this guidance has not had and is not expected to have a material impact on the Company's results of operations or financial position.

As of January 1, 2010, the Company prospectively applied the provisions of ASU No. 2009-16, "Accounting for Transfers of Financial Assets," issued by the FASB in December 2009 as an update to the Transfers and Servicing Topic of FASB ASC ("ASC 860"). ASU 2009-16 requires additional disclosures about the transfer of financial assets, including securitization transactions, and continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity." This ASU also changed the requirements for derecognizing financial assets. The revised guidance became effective for interim and annual reporting periods beginning after November 15, 2009. As this ASU applies to prospective transactions entered into after the effective date and generally relates to whether transactions will be recognized as sales or secured financings for accounting purposes but will not change the economics of the underlying transactions, the adoption of this standard did not have a material impact on the Company's financial condition, results of operations and cash flows.

As of January 1, 2010, the Company adopted the accounting guidance in ASU No. 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities ("VIE")," issued by the FASB in December 2009 as an update to the Consolidation Topic of FASB ASC ("ASC 810"). This ASU changed the guidance on determination of a primary beneficiary of a VIE and expands disclosure provisions about a reporting entity's involvement in VIEs. The guidance eliminated the quantitative approach and requires an ongoing qualitative assessment of whether a reporting entity is the primary beneficiary of a VIE and therefore required to consolidate the VIE. This ASU became effective for interim and annual reporting periods beginning after November 15, 2009. The adoption of this guidance has not had and is not expected to have a material impact.

As of January 1, 2010, the Company adopted the accounting guidance in ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements," issued by the FASB in January 2010 which is intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels, the reason for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). The adoption of this guidance has not had and is not expected to have a material impact on the Company's consolidated financial statements. Please see Note 19, "Fair Value Measurements."

As of January 1, 2010, the Company adopted the accounting guidance in ASU No. 2010-13, "Compensation—Stock

Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades—a consensus of the FASB Emerging Issues Task Force," issued by the FASB in April 2010. The objective of this Update is to address the classification of an employee share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. The guidance requires that a share based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades shall not be considered to contain a condition that is not a market, performance, or service condition. Therefore, in accordance with that paragraph, such an award shall not be classified as a liability if it otherwise qualifies for equity classification. The adoption of this guidance has not had and is not expected to have a material impact on the Company's consolidated financial statements. Please see Note 12, "Stock Option Plans."

3 ACQUISITIONS

Sigma Instruments

On December 10, 2007, the Company acquired the stock of Sigma Instruments Inc. (Sigma), a leading manufacturer of instrumentation for the measurement and control of thin film processes. The acquisition further expands the Company's position in the thin film controller market. It also increases opportunities for the Company in the emerging solar manufacturing market.

The purchase price was USD 2,600, less cash acquired at closing. Additionally, there is an earn-out of USD 400 to be paid based on sales growth over a two year period. The earn-outs paid have been recorded as an increase to goodwill. As of December 31, 2009, the Company has earned and paid USD 200. The Company expects that the goodwill and intangible assets will be amortized over a fifteen year period for tax purposes.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition.

As of December 10,	2007
Accounts receivable	528
Equipment	40
Inventory	275
Goodwill	1,555
Intangible assets	520
Assets acquired	2,918
Accrued liabilities assumed	(318)
Net assets acquired	2,600

The following table summarizes the acquired intangible assets and their respective weighted-average useful lives.

	Value	Weighted-average life (years)
Technology – Thin film & instrumentation	300	7.0
Distributor/Customer relationships	200	5.0
Contract backlog	10	0.1
Non-competition & non-solicitation	10	3.6
Intangible assets	520	

Verionix

On November 4, 2009, the Company acquired substantially all the assets of Verionix Inc., a developer of gas sensor, gas composition sensors and gas analyzers. The acquisition expands the Company's position in the gas analysis market. It also increases opportunities for the Company in the semiconductor, LCD and solar manufacturing markets.

The purchase price was USD 610 at closing. Additionally, there is an earn-out capped at USD 8,718 to be paid based on units sold over a four year period. At the acquisition date the Company had performed a fair value calculation which resulted in USD 4,600 of contingent consideration.

The following table summarizes the fair values of the assets acquired at the acquisition date.

As of November 4,	2009
Inventory	57
Equipment	15
Goodwill	4,848
Intangible assets	290
Net assets acquired	5,210
Accrued contingent consideration	(4,600)
Purchase price at closing	(610)
Total Fair Value of consideration	(5,210)

The following table summarizes the acquired intangible assets and their respective weighted-average useful lives.

	Value	Weighted-average life (years)
Technology – Special Plasma Optical Emission Spec	220	10.0
Distributor/Customer relationships	40	4.0
Non-competition agreements	30	4.6
Intangible assets	290	

As of December 31, 2010, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 600 and recognized in current year's earnings accordance to FASB ASC 805 "Business Combinations."

Micro Gas Chromatography (GC)

On May 19, 2010, the Company acquired the Micro Gas Chromatography (GC) product line from Agilent Technologies, Inc. The Micro GC products supplement the Company's successful environmental sensors product line and provide new opportunities for the Company's core competency in the field of gas analysis in existing and emerging niche markets.

The purchase price was USD 3,500, including assumed liabilities acquired at closing.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

As of May 19,	2010
Inventory	1,287*
Equipment	490
Goodwill	348
Intangible assets	1,480
Net assets acquired	3,605
Accrued liabilities assumed	(105)
Purchase price at closing	(3,500)
Total Fair Value of consideration	(3,605)

* Amount excludes buffer inventory in the amount of USD 748 that was purchased separately from the Asset Purchase Agreement.

The following table summarizes the acquired intangible assets and their respective weighted-average useful lives.

	Value	Weighted-average life (years)
Technology – 3000 Micro GC Instrumentation	780	10.0
Distributor/Customer relationships	650	5.8
Contract backlog	30	0.5
Non-competition agreements	20	5.0
Intangible assets	1,480	

Cumulative Helium Leak Detection (CHLD)

On December 22, 2010, the Company acquired the Cumulative Helium Leak Detection (CHLD) technology from the Pernicka Corporation. The acquisition expands the Company's position in the hermetic sealed parts market. It also increases opportunities for the Company in the medical implants, electronic hybrid circuits and components for satellites markets.

The purchase price was USD 1,500 at closing. Additionally, there is an earn-out to be paid based on units sold over a four year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 500 of contingent consideration.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

As of December 22,	2010
Inventory	31
Goodwill and intangible assets	1,969
Net assets acquired	2,000
Accrued contingent consideration	(500)
Purchase price at closing	(1,500)
Total Fair Value of consideration	(2,000)

Due to the consummation of the acquisition at the end of 2010, the allocation of purchase price is in process and will be finalized in the first half of 2011. The Company expects the intangible assets to include customer relationships, technology, contract backlog, and non-competition agreements.

The results of these acquisitions were included in the Company's consolidated operations beginning on the date of acquisition. The pro forma consolidated statements reflecting the operating results as if the acquisitions occurred at the beginning of the periods presented, would not differ materially from the operating results of the Company as reported for the twelve months ended December 31, 2010 and 2009, respectively.

4 INVENTORIES

Inventories consist of the following at December 31:

	2010	2009
Raw material	**20,884**	16,887
Work-in-process	**2,276**	1,633
Finished goods	**5,369**	4,271
Balance at December 31,	**28,529**	22,791

5 PROPERTY, PLANT, AND EQUIPMENT

The components of property, plant, and equipment consist of the following at December 31:

	2010	2009
Land	**2,707**	2,870
Buildings and improvements	**38,683**	38,134
Machinery and equipment	**45,802**	40,666
	87,192	81,670
Less: accumulated depreciation	**(60,399)**	(53,446)
Balance at December 31,	**26,793**	28,224

6 GOODWILL

The activity of goodwill was as follows:

	2010	2009
Balance, beginning of year	**18,582**	13,442
Goodwill acquired during the year, including increases for contigent consideration	**852****	5,140*
Balance at December 31,	**19,434**	18,582

* Additional goodwill acquired in 2009 mainly due to Verionix acquisition. For a more detailed discussion of payments, refer to Note 3, "Acquisitions."
** Additional goodwill acquired in 2010 mainly due to Agilent and Pernicka transactions. For a more detailed discussion of payments, refer to Note 3, "Acquisitions."

7 INTANGIBLE ASSETS

The costs of identified intangible assets, including completed technology, customer relationships, and non-competition/ non-solicitation agreements are amortized on a straight-line basis over four to ten years. Amortization expense for the next five years will approximate USD 655 per year.

The balance of the intangible assets was as follows:

	December 31, 2010		December 31, 2009	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Technology	5,434	(2,339)	2,969	(1,767)
Customer relationships	1,925	(895)	1,275	(616)
Other	298	(267)	248	(202)
	7,657	(3,501)	4,492	(2,585)
Intangible assets, net		**4,156**		**1,907**

On December 1st, 2009, the Company acquired intellectual property assets related to the SiO2 membrane and optical He detection and other gas detection business of Boris M. Chernobrod and Vladimir Schwartz totaling USD 399. As of December 31, 2010, the Company has incurred additional intellectual property totaling USD 275.

The acquisition expands the Company's position in Leak Detection applications in the RAC, automation and electronic markets.

The purchase price for the intellectual property assets was USD 300 at closing. As security for the indemnification, it was agreed to hold-back the amount of USD 25 for a period of one year.

8 BORROWING FACILITIES

The Company has a USD 10,000 line of credit with Credit Suisse, which can be in the form of overdraft facility, fixed advances, margin coverage for foreign exchange forward transactions and/or issuance of bank guarantees. The agreement can be terminated with a 30 day notice by either party. The Company had no outstanding amounts under the arrangement as of December 31, 2010.

Furthermore, the Company is in possession of an additional credit agreement with UBS amounting in total USD 10,000. Thereof, the Company granted to its subsidiaries in Hong Kong and Japan guarantees totaling USD 9,216; the remaining amount is USD 784. The agreement mentioned above can be terminated with a 30 day notice by either party. The Company itself had no outstanding amounts under the arrangement as of December 31, 2010.

Additionally, the Company has various facilities at its operating companies which can be in the form of overdraft facilities, fixed advances, short-term loans and/or margin coverage arrangements for foreign exchange forward transactions.

The following is a summary of these facilities and outstanding balances at December 31, 2010:

Bank	Total available (USD)	Interest rate	Expiration	Outstanding amount (USD)
A	9,216	LIBOR + Margin	Various	3,453
B	321	1.25%–2.00%	Upon notice	0
C	802	EURIBOR + 0.6%	Upon notice	0
D	663	2.60%–3.45%	Upon notice	0
E	1,325	6.50%	Upon notice	0
F	319	Not specified	Upon notice	0
	12,646			**3,453**

9 ACCRUED LIABILITIES

The components of accrued liabilities are as follows at December 31:

	2010	2009
Salaries, wages and related costs	**21,169**	7,348
Warranty	**3,149**	2,729
Deferred revenue	**420**	222
Professional fees	**572**	690
Other	**3,642**	3,006
Balance at December 31,	**28,952**	13,995

10 WARRANTY

The Company shows the following development of the warranty reserve during the reporting and the last year:

	2010	2009
Balance, beginning of year	**3,464**	3,490
+/– FX impact on starting balance	**34**	(17)
– Reduction for payments made	**(636)**	(741)
+/– Change for accruals related to product warranties issued	**626**	1,065
+/– Change in liabilities for accruals related to pre-existing warranties	**608**	(333)
Balance at December 31,	**4,096**	3,464
out of which are short-term:	**3,149**	2,729
out of which are long-term:	**947**	735

11 SHAREHOLDER'S EQUITY

Under the Swiss Code of Obligations, the shareholders may decide on an increase of the share capital in a specified aggregate par value up to 50% of the existing share capital, in the form of authorized capital to be used at the discretion of the Board of Directors. The Board of Directors is currently not authorized to issue new registered shares. The General Meeting of Shareholders approved conditional capital in the amount of 260,000 shares in 2006, which shall be issued upon the exercise of option rights, which some employees and members of the Board of Directors will be granted pursuant to the Employee Incentive Plans. The Board of Directors will regulate the details of the issuances. As of December 31, 2010 and 2009, 183,644 and 208,431 shares of CHF 5 each, respectively, were available for issuance.

In connection with the Company's initial public offering in 2000, employees had the opportunity to participate in the following equity purchase program.

Discounted Share Purchase Plan – The discounted share purchase plan was offered to employees who were not eligible to participate in the leveraged share plan. Under this plan, eligible persons were offered the opportunity to purchase shares on the closing of the offering at a 30% discount to the offer price. Each employee was entitled to purchase up to USD 8 worth of shares in the offering at a 30% discount. Employees who participated in the discounted share purchase plan purchased either ADRs or shares totaling 26,011 and 7,166, respectively. The 30% discount was treated as compensation.

The ADRs and shares issued under the discounted share purchase plan were included in the 315,000 shares offered by the Company as part of the initial public offering.

12 STOCK OPTION PLANS

Directors' Stock Option Plan – In fiscal year 2001, the Board of Directors approved the Directors' Stock Option Plan. The Directors' Stock Option Plan is solely for members of the Board, who are not employees of INFICON. The Company grants options to the eligible Directors in May of each year and the options are non-transferable. All options are granted at prices equal to 100% of the market value of the common stock at the date of grant. The plan includes specific requirements for the Directors who are removed or resign from the Board.

Management & Key Employee Stock Option Plan – In fiscal year 2001, the Board of Directors approved the Key Employee Stock Option Plan. The purpose of the plan is to provide key employees of the Company with an opportunity to become shareholders, and in addition, to obtain options on shares and allow them to participate in the future success of the Company. It is intended that the plan will provide an additional incentive for key employees to maintain continued employment, contribute to the future success and prosperity, and enhance the value of the Company. Accordingly, the Company will, from time to time during the term of this plan, grant to such key employees options to purchase shares in such amounts as the Company shall determine, subject to the conditions provided in the plan. The plan shall remain in effect through May 15, 2011.

The options are granted in Swiss Francs.

Provisions of the Plans are as follows:

	Director plan	Management plan & key employee plan
Vesting	Immediately at grant	25% each year from the date of grant
Exercisable	One year from date of grant	25% each year from the date of grant
Expiration	Seventh anniversary from date of grant	Seventh anniversary from date of grant

Maximum remaining exercise periods (in months) after termination of employment are as follows:

Reason for termination of employment	Director plan	Management plan & key employee plan
Resignation (voluntary)	12	6
Resignation (with adverse change)	12	6
Termination by company not for cause	12	6
Resignation or removal for cause	0	0
Retirement	12	24
Disability	18	18
Death	12	12

The following is a summary of option transactions under the two plans:

	Options	Weighted average exercise price (CHF)
Outstanding at December 31, 2008	134,209	156.26
Granted	29,900	102.00
Cancelled	(12,685)	155.32
Exercised	(4,363)	52.37
Outstanding at December 31, 2009	147,061	148.38
Granted	31,000	127.00
Cancelled	(3,021)	136.08
Exercised	(24,787)	107.39
Outstanding at December 31, 2010	150,253	150.98
Exercisable at December 31, 2010	82,764	164.16

The following table summarizes information about stock options outstanding and exercisable at December 31, 2010.

Exercise price (CHF)	Options outstanding	Outstanding options average price (CHF)	Remaining term (years)	Options exercisable	Options exercisable average price (CHF)
67.51–90.00	476	70.75	0.9	476	70.75
90.01–112.50	42,640	99.05	3.8	23,402	96.63
112.51–135.00	31,250	126.79	6.3	650	116.75
135.01–157.50	825	150.97	4.7	100	156.80
157.51–180.00	25,926	171.73	4.3	14,513	171.53
180.01–202.50	23,761	187.86	2.1	23,761	187.86
202.51–225.00	25,375	213.80	3.3	19,862	213.80
Totals	150,253	150.98		82,764	164.16

The weighted average remaining contractual terms of outstanding stock options are 4.0 years at both December 31, 2010 and 2009. The weighted average remaining contractual terms of exercisable stock options at December 31, 2010 and 2009 are 2.9 years and 2.8 years, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2010 is USD 5,693 and 2,063, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2009 is USD 1,087 and 621, respectively.

In accordance with the provisions of ASC 718, “Compensation – Stock Compensation” during the year ended December 31, 2010, the Company recognized stock-based compensation expense related to stock options of USD 810, net of tax benefit (USD 112). As a result of applying the provisions of ASC 718 during the year ended December 31, 2009, the Company recognized stock-based compensation expense related to stock options of USD 889, net of tax benefit (USD 74).

Management estimated the fair value of options granted using the Black-Scholes option-pricing model. This model was originally developed to estimate the fair value of exchange-traded equity options, which (unlike employee stock options) have no vesting period or transferability restrictions. As a result, the Black-Scholes model is not necessarily a precise indicator of the value of an option, but it is commonly used for this purpose. The Black-Scholes model requires several assumptions, which management developed based on historical trends and current market observations.

	2010	2009
Risk free interest rate	**0.95%**	1.62%
Expected volatility factor of stock price	**35.36%**	35.18%
Dividend Yield	**4.04%**	8.22%
Expected life of stock options	**5.5**	5.3

Expected volatilities are based upon historical volatility of the Company’s stock. The expected life estimates are determined using the average expected term based on historically observed option lives. Unrecognized stock based compensation expense related to non-vested stock options totaled USD 1,362 at December 31, 2010, which will be recognized as expense over the next four years. The weighted average period over which this unrecognized expense is expected to be recognized is 1.21 years.

Shares authorized and remaining for stock options awards in 2010 were 208,431. During 2010 and 2009, proceeds from stock option exercises totaled USD 2,693 and USD 219, respectively, and 24,787 and 4,363 shares, respectively, were issued in connection with these stock option exercises. All shares issued were new shares issued from available conditional share capital. The total intrinsic value of options exercised during 2010 and 2009 was USD 1,163 and USD 244, respectively. The weighted average fair value for options granted during 2010 was 26.99 CHF per share. The weighted average fair value of options vested during 2010 was 36.08 CHF per share.

13 EMPLOYEE BENEFIT PLANS

Certain INFICON employees (primarily United States, Liechtenstein, and Germany) participate in contributory and noncontributory defined benefit plans. Benefits under the defined benefit plans are generally based on years of service and average pay. The Company funds the pension plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code in the United States and in accordance with local regulations in the specified countries.

The following tables show reconciliations of defined benefit pension plans as of December 31:

	2010	2009
Change in benefit obligation:		
Benefit obligation at January 1,	**71,714**	66,097
Foreign currency translation adjustments	**5,364**	355
Service cost	**2,364**	2,246
Interest cost	**3,105**	3,020
Actuarial losses (gains)	**(102)**	2,991
Benefits paid	**(5,564)**	(4,494)
Participant contributions	**1,126**	1,075
Termination benefits and curtailments	**–**	424
Benefit obligation at December 31,	**78,007**	71,714

Change in plan assets:		
Fair value of plan assets at January 1,	**66,126**	59,284
Foreign currency translation adjustments	**5,310**	145
Actual return on plan assets	**3,982**	8,497
Company contributions	**2,320**	1,428
Participants' contributions	**1,313**	1,266
Benefits paid	**(5,564)**	(4,494)
Fair value of plan assets at December 31,	**73,487**	66,126

Net funded status (including under-funded and non-funded plans) at December 31,		
Amounts recognized in the Consolidated Balance Sheet:		
Asset	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**(4,520)**	(5,588)
Net funded status	**(4,520)**	(5,588)

Weighted average of assumptions:		
Discount rate	**3.8%**	4.4%
Expected return on plan assets	**5.5%**	5.3%
Rate of compensation increase	**2.9%**	3.0%

The pre-tax amounts recognized in accumulated other comprehensive income consist of:		
Net actuarial loss	**16,200**	16,838
Prior service (credit) cost	**306**	327
Transition obligation	**16**	16
Total (before tax effects)	**16,522**	17,181

The accumulated benefit obligation for all defined benefit pension plans was USD 71,230 and USD 66,285 at December 31, 2010 and 2009, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets is:

	2010	2009
Aggregate projected benefit obligation	**55,342**	52,035
Aggregate accumulated benefit obligation	**52,651**	49,597
Aggregate fair value of plan assets	**50,813**	47,672

The following table summarizes the components recognized in net periodic benefit cost and other comprehensive income for the periods ended December 31:

	2010	2009
Service cost	**2,364**	2,245
Interest cost	**3,105**	3,020
Expected return on plan assets	**(2,943)**	(3,111)
Amortization of prior service cost (benefit)	**40**	38
Amortization of transition asset	**55**	2
Termination benefits, curtailment and others	**–**	1,010
Net amortization and deferral of actuarial gains (losses)	**327**	1,318
Net periodic benefit cost	**2,948**	4,522

Net actuarial (gain)/loss	**(339)**	(2,551)
Amortization actuarial (gain)/loss	**(532)**	(1,338)
Curtailment impact on actuarial loss/(gain)	**–**	(591)
Curtailment impact on prior service (cost)/credit	**–**	(21)
Recognized prior service (cost)/credit	**(22)**	–
Amortization of prior service (cost)/credit	**(18)**	(16)
Amortization of transition (obligation)/asset	**(2)**	(24)
Foreign currency translation adjustment	**254**	225
Total recognized in other comprehensive income (before tax effects)*	**(659)**	(4,316)

** excluding foreign currency effects*

Total recognized in net benefit cost and other comprehensive income (before tax effects)	**2,289**	206

Plan Assets

For 2010 and 2009 the Company's US, German, and Liechtenstein pension plan assets were managed by outside investment managers. The investment manager has the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity for investment returns.

The fair values of the Company's US, Liechtenstein, and German pension plan assets at December 31, 2010, by asset category are as follows:

	Total market value	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity securities	**26,662**	26,662	—	—
Debt securities	**22,158**	22,158	—	—
Real estate	**8,930**	7,535	—	1,396
Other	**15,737**	15,737	—	—
Total	**73,487**	72,091	—	1,396

The change in the fair value for the pension assets valued using significant unobservable inputs (Level 3) was due to the following:

	Real estate
Beginning balance at January 1, 2010	1,327
Foreign currency translation adjustments	201
Actual return on plan assets:	
Relating to assets still held at the reporting date	72
Relating to assets sold during the period	—
Purchases, sales and settlements	—
Transfers in and/or out of Level 3	(204)
Ending balance at December 31, 2010	**1,396**

The Equity securities include common stocks or other equity holdings in the US, international and emerging market entities whereas debt securities contain asset backed debt as well as bond investments in corporations and governments. The real estate investment consists of traded real estate funds and direct real estate investments. The category "Other" is mainly composed of cash.

Investment decisions relating to pension plan assets are made taking into consideration studies and investment policy statements in the US as a strategic allocation framework. The studies include analyses of factors as the funded status, duration of the plan liabilities, the necessary investment return to finance liabilities. The guidelines within the investment policy set allocation bands for each permitted class assets. The Company uses a diversified portfolio consisting of equity securities, debt securities, real estate and other investments including cash to preserve asset values, diversify risk and maximize the return from an expected long-term view while protecting principal. Investment performance and asset allocation are measured and monitored on an ongoing basis to identify potential concentration of risks. As of December 31, 2009 and 2010, there is no significant portfolio concentration of risk. The Company's overall expected long-term rate of return on plan assets is based upon historical long-term returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

The following table shows the percentage of the plan assets fair value allocated to each asset category as of December, 31:

Asset Category	**2010**	2009
Equity securities	**36.3%**	33.5%
Debt securities	**30.2%**	33.6%
Real estate	**12.2%**	9.6%
Other	**21.3%**	23.3%
Total	**100.0%**	100.0%

The target asset allocation for the Company's pension plans as of December 31 is as follows:

Asset Category	**2010**	2009
Equity securities	**32.5%**	30.5%
Debt securities	**35.0%**	36.1%
Real estate	**10.5%**	9.9%
Other	**22.0%**	23.5%
Total	**100.0%**	100.0%

It is anticipated that the Company will make contributions of approximately USD 1,141 to the pension plans for the fiscal year ending December 31, 2011.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

2011	1,996
2012	2,295
2013	2,171
2014	2,659
2015	2,832
2016–2020	22,477

The following table shows the amount in other comprehensive income expected to be recognized as components of Net Periodic Benefit Cost in 2011:

	2011
Transition obligation	2
Prior service cost	38
Net loss (gain)	741
	781

The Company also participates in U.S. and foreign defined contribution plans for certain locations. Expense related to these plans was USD 1,221 and USD 680 for the years ended December 31, 2010 and 2009, respectively.

14 ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income consists of the following for the years ended:

	Pre-tax	Income tax	After tax
December 31, 2010			
Foreign currency translation adjustments*	19,957	—	19,957
Unrecognized expense related to pension	(16,522)	4,064	(12,458)
Unrealized loss on foreign currency hedge	(46)	17	(29)
Total accumulated other comprehensive income	3,389	4,081	7,470
December 31, 2009			
Foreign currency translation adjustments*	17,470	—	17,470
Unrecognized expense related to pension	(17,181)	4,748	(12,433)
Unrealized gain on foreign currency hedge	54	(19)	35
Total accumulated other comprehensive income	343	4,729	5,072

* Income taxes are not provided for foreign currency translation relating to permanent investments in international subsidiaries.

15 BUSINESS SEGMENTS

The Company is a global supplier of instrumentation for analysis, monitoring, and control in the general vacuum processes, semiconductor and vacuum coating, refrigeration and air conditioning, and emergency response and security markets. At the direction of the Company's chief operating decision makers, the President and Chief Executive Officer, the allocation of the Company's resources and assessment of performance is made for the Company as a whole. Since the Company operates in one segment, all information required by ASC 280, "Segment Reporting" can be found in the consolidated financial statements.

Information on the Company's sales by geographic location (determined by country of destination) was as follows:

	2010	2009
Europe	**100,028**	76,797
North America	**59,019**	49,161
Asia-Pacific	**103,372**	54,301
Other	**2,989**	1,437
	265,408	181,696

16 INCOME TAXES

For financial reporting purposes, income before income taxes included the following:

	2010	2009
Switzerland	**3,821**	4,099
Foreign	**32,845**	729
Income before income taxes	**36,666**	4,828

Provision for income taxes included the following:

	2010	2009
Current:		
Switzerland	**18**	9
Foreign	**5,137**	705
	5,155	714
Deferred:		
Foreign:		
Changes in temporary differences	**510**	77
Compensation of operating loss carry-forward	**3,930**	310
Adjustments to the beginning-of-the-year balance of a valuation allowance because of a change in circumstances that causes a change in judgment about the realization of the related deferred tax asset in future years	**—**	1,457
	4,440	1,844
Provision for income taxes	**9,595**	2,558

The differences between the Swiss statutory income tax rate and the Company's effective tax rate were as follows:

	2010	2009
Swiss statutory tax rate	**16.9%**	16.9%
Effect of non-Swiss subsidiaries with different tax rates	**0.2%**	14.3%
Change in valuation allowance	**0.0%**	19.7%
Net operating loss carry-forwards (NOLs) for which no benefit is recorded and compensation of NOLs previously capitalized	**6.3%**	0.0%
Effect of permanent differences & other	**2.8%**	2.1%
Effective tax rate	**26.2%**	53.0%

Deferred tax assets and liabilities were comprised of the following:

	2010	2009
Deferred tax assets:		
Accrued liabilities	1,707	1,421
Operating losses	7,881	11,474
Tax credit carry-forwards	651	327
Basis differences/intangible assets	10,418	12,355
Pension liabilities	1,569	1,292
Inventory	1,845	1,318
Deferred revenue and other	1,397	1,736
	25,468	29,923
Less: valuation allowance	(2,435)	(1,825)
Deferred tax liabilities:		
Basis differences/intangible assets	–	(330)
Accounts receivable	(63)	(52)
Inventory	(237)	–
Property, plant and equipment	(459)	(339)
	(759)	(721)
Net deferred tax asset	22,274	27,377
Presented as:		
Current deferred tax asset	5,549	4,660
Long-term deferred tax asset	17,256	23,221
Current deferred tax liability	(458)	(211)
Long-term deferred tax liability	(73)	(293)
	22,274	27,377

During the year ended December 31, 2000, Unaxis Holding AG transferred the assets and liabilities of various INFICON subsidiaries to newly created legal entities that are wholly-owned by INFICON Holding AG. For income tax purposes, the asset transfer was considered a taxable transaction creating a new income tax basis of the assets and liabilities transferred. The transaction resulted in a basis difference of approximately USD 84,000 which is deductible for tax purposes over various periods, no longer than 15 years. As a result, a deferred tax asset of USD 35,822 related to the basis difference was recorded with a corresponding credit in shareholders' equity. In conjunction with the business transfers and taxable transaction described above, it was agreed that Unaxis would be responsible for the payment of taxes for the period up to the date of transfer. The tax liability for the period through the transfer date was estimated and recorded as part of the equity reclassification upon reorganization of the Company.

As of December 31, 2010, the Company has net deferred tax assets of USD 22,274, a majority of which is in the United States. In assessing the realization of the Company's deferred tax assets, the Company considers whether it is more likely than not the deferred tax assets will be realized. The Company evaluates the recoverability of its deferred tax assets based upon historical results and forecasted results over future years, considering tax planning strategies, and matches this forecast against the basis differences, deductions available in future years and the limitations allowed for net operating loss carry-forwards to ensure there is adequate support for the realization of the deferred tax assets. The Company has considered future operating results in conjunction with ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance. In the event the Company was to determine that the Company would not be able to realize all or part of the Company's net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged as a reduction to income in the period such determination was made. Likewise, should the Company determine that it would be able to realize future deferred tax assets in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made. Although realization is not assured, the Company believes it is more likely than not that the net deferred tax asset balance as of December 31, 2010 will be realized. In addition, the Company has recorded a valuation allowance of USD 2,435 in 2010 compared to USD 1,825 in 2009, which represents the tax benefit for net operating losses and other timing differences incurred outside of the United States for which the Company is uncertain as to the amount, if any, of future tax benefits to be received for the future utilization of such assets. The change in valuation allowance amounts are USD 610 in 2010 and USD 985 in 2009.

A reversal of valuation allowance could occur when circumstances make the realization of deferred taxes probable. This would result in a decrease in the Group's effective tax rate.

The gross value of unused net operating loss and tax credit carry-forwards that have been capitalized as deferred tax assets with their expiry dates as of December 31, 2010 in USD is as follows:

	Net operating loss carry-forwards	Tax credit carry-forwards	Total
2011	3,328	–	3,328
2014	18,163	651	18,814
Thereafter	3,500		3,500
Total	24,991	651	25,642

Undistributed earnings of the Company's subsidiaries are permanently reinvested. Distribution of earnings to the Company would generally be exempt from taxation in Switzerland in accordance with their participation exemption. The participation exemption, in most cases, exempts income such as dividends, interest, and capital gains from taxation in Switzerland if such income is derived from qualifying investments in subsidiaries. Upon distribution of those earnings in the form of dividends, withholding taxes ranging from 5% to 20% would be payable upon the remittance of all previous un-remitted earnings.

The total amount of unrecognized tax benefits as of December 31, 2010 and 2009 is USD 1,500. This amount is included in the determination of net income following the Company's adoption of ASC 805 "Business Combinations" on January 1, 2009. The Company has not accrued interest or penalties as it relates to this position. The USD 1,500 is included as a reduction of long term deferred tax asset and relates to an uncertain tax position in the United States. The Company believes it is reasonably possible that the amount of unrecognized tax benefits would not significantly change in the next twelve months as a result of tax authority audits.

INFICON and its subsidiaries are subject to various statutory and income tax jurisdictions. The following tax years, in the major tax jurisdictions noted, are open for assessment or refund: Switzerland: 2008 to 2010, USA: 2002 to 2010, Liechtenstein: 2010, Germany: 2009 to 2010, Korea: 2006 to 2010, Japan: 2006 to 2010, Hong Kong: 2004 to 2010, and Taiwan: 2009 and 2010.

17 EARNINGS PER SHARE

The Company computes basic earnings per share, which is based on the weighted average number of common shares outstanding, and diluted earnings per share, which is based on the weighted average number of common shares outstanding and all dilutive common equivalent shares outstanding. The dilutive effect of options is determined under the treasury stock method using the average market price for the period.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31:

	2010	2009
Numerator:		
Net income	**27,071**	2,270
Denominator:		
Weighted average shares outstanding	**2,154,749**	2,146,717
Effect of dilutive stock options	**16,500**	3,339
Denominator for diluted earnings per share	**2,171,249**	2,150,056
Earnings per share:		
Basic	**12.56**	1.06
Diluted	**12.47**	1.06

For the year ended December 31, 2010, the fully diluted earnings per share calculation excluded 106,487 options to purchase shares since these shares would have been anti-dilutive for 2010, compared to 124,719 options in 2009, respectively.

18 SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for the years ended December 31:

	2010	2009
Income taxes	**940**	1,058
Interest	**146**	107

Non-cash transactions for the years ended December 31:

	2010	2009
Adjustment related to pension recorded in OCI	**(25)**	(3,837)
Acquisition earn-out accrued	**100**	(4,600)

19 FAIR VALUE MEASUREMENTS

The carrying amount of cash and cash equivalents, trade accounts receivables, trade accounts payable, accrued liabilities and short-term investments included in current assets, reported on the balance sheet approximated fair value due to the short maturity of less than one year for these instruments.

Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instruments categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The Company has derivative instruments, in the form of forward exchange contracts, to hedge against future movements in foreign exchange rates that affect certain foreign currency denominated sales and related purchase transactions, caused by currency exchange rate volatility. These contracts are designated as cash flow hedges and have durations of less than one year. The Company attempts to match the forward contracts with the underlying items being hedged in terms of currency, amount and maturity. The primary currencies in which the Company has exposure are the Japanese Yen, Swiss Franc, Euro, and U.S. Dollar. This exposure arises in certain locations from intercompany purchases and sales of inventory in foreign currency for resale in local currency, in addition to intercompany billings relating to research and development and management services. The Company's accounting policy for derivative financial instruments is based on its designation of such instruments as hedging transactions. An instrument is designated as a hedge based in part on its effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions. The Company records all derivatives on the balance sheet at fair value using market-based observable inputs such as interest rates, foreign exchange rates, and forward and spot prices for currencies. Based on these inputs, the derivative assets are classified within Level 2 of the valuation hierarchy. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The gain or loss (ineffectiveness) on the derivative instrument in excess of the hedged item, if any, is recognized in current earnings during the period in which it occurs. The Company's unrealized net gains/losses under foreign currency contracts at December 31, 2010 and 2009 are included in accumulated other comprehensive income, net of taxes. These unrealized net gains/losses are expected to be recognized into earnings over the duration period.

The following table provides the aggregate value of foreign exchange contracts that were measured at fair value on a recurring basis by the level within the fair value hierarchy:

	Fair value measurements at Dec 31, 2010			Fair value measurements at Dec 31, 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Foreign exchange contracts		5,269			5,995	

The Company had losses from all foreign currency transactions and foreign exchange contracts of USD 2,432 and USD 235 for the years 2010 and 2009, respectively, which are recorded in other expense (income), net.

Please see Note 3, "Acquisitions" for significant non-recurring measurements of assets and liabilities.

20 COMMITMENTS AND CONTINGENCIES

A summary of contractual commitments and contingencies as of December 31, 2010 is as follows:

	Operating leases	Purchase obligations	Total
2011	3,895	3,019	**6,914**
2012	3,400	804	**4,204**
2013	2,937	190	**2,937**
2014	2,793	—	**2,793**
2015	2,698	—	**2,698**
Thereafter	12,707	—	**12,897**
Total	28,430	4,013	**32,443**

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2011 through 2021. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes. Rental expense under operating leases totaled USD 4,786 and USD 5,328 for the years ended December 31, 2010 and 2009, respectively.

Purchase obligations include amounts committed under legally enforceable contracts or purchase orders for goods or services with defined terms as to price, quantity, delivery and termination liability.

21 ADDITIONAL INFORMATION REQUIRED BY SWISS LAW

As required by article 663 paragraph 3 of the Swiss Code of Obligations, the following supplementary information is disclosed:

	2010	2009
Total personnel costs	**65,564**	60,356

Depreciation of property, plant, and equipment	**5,789**	6,695
Amortization of intangible assets	**932**	864
Total amortization, impairment and depreciation	**6,721**	7,559

The fire insurance values of property, plant, and equipment at December 31:

	2010	2009
Buildings and improvements	**31,162**	22,198
Machinery and equipment	**55,227**	48,178
	86,389	70,376

Compensations for Acting Members of Governing Bodies

The compensations accrued for members of the Board of Directors and the aggregate for the Senior Management in accordance with art. 663b^{bis} and art. 663c CO for the years ended December 31 are as follows:

a) Compensations 2010

	Base compensation cash	Variable compensation			Other compensation	Total 2010
		Accrued bonus	Share options granted*			
	TUSD	TUSD	(number)	TUSD	TUSD	TUSD
Board of Directors:						
Gustav Wirz	149	0	950	26	0	175
Paul Otth	115	0	725	20	0	135
Dr. Richard Fischer	75	0	475	13	0	88
Mario Fontana	75	0	475	13	5	93
Dr. Thomas Staehelin	83	0	525	14	13**	110
Total	497	0	3,150	86	18	601
Senior Management:						
Lukas Winkler President & CEO	503	412	2,000	54	20	989
Total	1,674	1,335	6,250	169	117	3,295

* Share options granted are valued according to the fair value of options granted using the Black-Scholes option-pricing model. The share option plan has remained unchanged.
** Compensation for assisting in the preparation of shareholder meetings and other corporate actions.

b) Compensations 2009

	Base compensation cash	Variable compensation			Other compensation	Total 2009
		Accrued bonus	Share options granted*			
	TUSD	TUSD	(number)	TUSD	TUSD	TUSD
Board of Directors:						
Gustav Wirz	133	0	950	11	0	144
Paul Otth	102	0	725	9	0	111
Dr. Richard Fischer	67	0	475	6	0	73
Mario Fontana	67	0	475	6	0	73
Dr. Thomas Staehelin	74	0	525	6	20**	100
Total	443	0	3,150	38	20	501
Senior Management:						
Lukas Winkler President & CEO	429	69	2,000	24	18	540
Total	1,532	289	6,250	76	107	2,004

* Share options granted are valued according to the fair value of options granted using the Black-Scholes option-pricing model.
** Compensation for assisting in the preparation of shareholder meetings and other corporate actions.

Compensations Disclosure

The content and method of determining the compensation and share-ownership programs for the members of the Board of Directors and for the Senior Management are proposed by the Human Resources and Nominating Committee and approved by the Board of Directors once a year.

Compensations for Former Members of Governing Bodies

There was no compensation to former members of the Board of Directors.

Share Ownership and Options Owned

The Number of shares and options owned by the Board of Directors and Senior Management for the years ended December 31:

	2010		2009	
	Shares owned	Options owned	Shares owned	Options owned
Board of Directors:				
Gustav Wirz	**23,088**	**3,800**	23,069	2,850
Paul Otth	**60**	**2,900**	60	2,175
Dr. Richard Fischer	**21,000**	**1,591**	15,000	1,881
Mario Fontana	**2,400**	**2,696**	2,400	3,340
Dr. Thomas Staehelin	**250**	**3,703**	250	3,972
Total Board of Directors	**46,798**	**14,690**	40,779	14,218
Senior Management:				
Lukas Winkler, President & CEO	**2,000**	**15,000**	1,500	18,000
Matthias Tröndle, Group CFO	**0**	**2,813**	0	2,500
Dr. Ulrich Döbler	**2,210**	**7,400**	2,010	7,100
Peter Maier	**1,672**	**8,125**	1,672	9,625
Dr. Urs Wälchli	**111**	**8,000**	111	9,000
Total Executive Management	**5,993**	**41,338**	5,293	46,225

Additional Fees and Remunerations
No reportable fees or remunerations were paid to members of the Board of Directors or members of Senior Management.

Loans to Members of Governing Bodies
No loans were granted to current or former members of governing bodies during 2010. No such loans were outstanding as of December 31, 2010.

Risk Assessment Disclosures
Effective risk assessment is an integral part of the Company's group-wide enterprise risk management. Based on guidelines received from the Board of Directors, the Executive Management Team and the Finance function oversee the risk management process, and report to the Board and the Audit Committee on a regular basis. Processes and organizational measures have been defined to ensure that risks are continuously and consistently identified, assessed, mitigated and reported.

As an important element of the Group-wide enterprise risk management, INFICON established and maintains adequate internal controls over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements, to the Executive Management Team and the Board of Directors.

22 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 28, 2011, which represents the date when the consolidated financial statements were available to be issued.

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditors to the general meeting of INFICON Holding AG, Bad Ragaz

As statutory auditors, we have audited the consolidated financial statements of INFICON Holding AG, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity, consolidated statement of cash flows and notes (pages 26 to 46) for the year ended December 31, 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2010 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Stefan Räbsamen	Barbara Peine
Audit expert	Audit expert
Auditor in charge	

Zürich, February 28, 2011

BALANCE SHEET

INFICON HOLDING AG

(CHF in Thousands, except share and per share amounts)

ASSETS	**December 31, 2010**	December 31, 2009
Cash and cash equivalents	**6,984**	1,460
Other receivables – third parties	**12**	1
Receivables – subsidiaries	**29**	22
Total current assets	**7,025**	1,483
Notes receivable – subsidiaries	**4,510**	3,224
Investments in subsidiaries	**294,371**	294,654
Total long-term assets	**298,881**	297,878
Total assets	**305,906**	299,361
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other payables – third parties	**–**	3
Accrued liabilities	**589**	487
Total current liabilities	**589**	490
Notes payable – subsidiaries	**39,622**	39,622
Total long-term liabilities	**39,622**	39,622
Total liabilities	**40,211**	40,112
Share capital; CHF 5 par value, 2,174,843 shares issued (2009: 2,150,056 shares issued)	**10,874**	10,750
Legal reserves		
General legal reserve	**223,019**	220,480
Retained earnings	**31,802**	28,019
Total shareholders' equity	**265,695**	259,249
Total liabilities and shareholders' equity	**305,906**	299,361

STATEMENT OF INCOME

INFICON HOLDING AG

(CHF in Thousands)

Year ended December 31,	2010	2009
Income from investments in subsidiaries	15,137	7,198
Administrative expenses	(1,543)	(1,370)
Income from operations	13,594	5,828
Interest income	210	175
Interest expense	(899)	(841)
Foreign currency exchange loss	(509)	(56)
Other loss	(1,198)	(722)
Income before income taxes	12,396	5,106
Income tax expense	(7)	(9)
Net income	12,389	5,097

1 DESCRIPTION OF COMPANY

The information contained in the INFICON Holding AG, Bad Ragaz financial statements relates to the ultimate parent company alone, while the consolidated financial statements reflect the economic situation of INFICON Group as a whole. INFICON Holding AG, Bad Ragaz (the "Company") financial statements are prepared in compliance with Swiss Corporate Law.

2 INVESTMENTS IN SUBSIDIARIES

The investments in subsidiaries are carried in aggregate at lower of cost or their intrinsic value. The following subsidiaries were included in INFICON Holding AG's investment portfolio.

Company	Currency	December 31, 2010	2009
		(in 1,000)	(in 1,000)
INFICON Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON AG Balzers, Liechtenstein			
Share Capital	CHF	6,000	6,000
Ownership		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON GmbH Bad Ragaz, Switzerland			
Share Capital	CHF	2,000	2,000
Ownership		100%	100%
Purpose: Management Company			
INFICON GmbH Cologne, Germany			
Share Capital	EUR	1,026	1,026
Ownership**		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON Aaland Ab Mariehamn, Finland			
Share Capital	EUR	60	60
Ownership***		100%	100%
Purpose: Manufacturing			
INFICON Ltd. Blackburn, United Kingdom			
Share Capital	GBP	400	400
Ownership		100%	100%
Purpose: Sales			

Company	Currency	December 31, 2010	2009
INFICON S.A.R.L. Courtaboeuf, France		(in 1,000)	(in 1,000)
Share Capital	EUR	108	108
Ownership		100%	100%
Purpose: Sales			
INFICON Co., Ltd. Yokohama-Shi, Japan			
Share Capital	JPY	400,000	400,000
Ownership		100%	100%
Purpose: Sales			
INFICON Ltd. Chubei City, Taiwan			
Share Capital	TWD	52,853	52,853
Ownership		100%	100%
Purpose: Sales			
INFICON Ltd. Bungdang-Ku, Korea			
Share Capital	KRW	600,000	600,000
Ownership		100%	100%
Purpose: Sales			
INFICON Pte. Ltd. Singapore			
Share Capital	SGD	1,797	1,797
Ownership		100%	100%
Purpose: Sales			
INFICON Ltd. Hong Kong			
Share Capital	HKD	8,780	8,780
Ownership		100%	100%
Purpose: Sales			
INFICON (Guangzhou) Instruments Co., Ltd. Guangzhou			
Share Capital	RMB	9,837	9,837
Ownership		100%	100%
Purpose: Service			
INFICON Instruments (Shanghai) Co., Ltd. Shanghai			
Share Capital	USD	2,180	600
Ownership		100%	100%
Purpose: Manufacturing			
INFICON EDC Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership**		100%	100%
Purpose: Manufacturing, Sales and Service			
Sigma Instruments Inc. Syracuse, USA			
Share Capital	USD	****	*
Ownership**			100%
Purpose: Manufacturing, Sales and Service			

* The Company was issued 100 shares of INFICON, Inc. which have a nominal value of USD 0.01 per share
** Indirect participation
*** As of February 12, 2010, indirectly held
**** As of December 31, 2009, liquidated

3 EQUITY

Refer to Notes to Consolidated Financial Statements for a description of the Company's capital and the related stock plans.

The Company is aware of the following significant shareholders entered in the share register.

The percentages are calculated using registered shares per December 31, 2010 and 2009 of 2,174,843 and 2,150,056 respectively.

December 31,	**2010**	2009
KWE Beteiligungen AG	**19.78%**	15.73%
Sterling Strategic Value Limited	**7.98%**	8.07%
Pictet Funds SA	**5.43%**	7.68%
Vontobel Fonds Services AG	**4.47%**	
Chase Nominees Ltd.	**4.42%**	3.41%
UBS Fund Management (Schweiz) AG	**4.06%**	4.76%
Bank of New York		3.42%

There were no other shareholders entered in the share register holding more than 3 percent of the voting rights at December 31, 2010.

Notifications received from shareholders:

– The Company was notified on January 6, 2010, that The Bank of New York reduced its shareholding in INFICON Holding AG to 0.86%.

– The Company was notified on March 10, 2010, that Pictet Funds SA held as licencee of various funds a shareholding of 6.84% in INFICON Holding AG.

– The Company was notified on March 23, 2010, that Vontobel Fonds Services AG held a shareholding of 3.09% in INFICON Holding AG and that this was reduced to less than 3% in August 11, 2010.

– The Company was notified on August 10, 2010, that KWE Beteiligungen AG held a shareholding of 20.00% in INFICON Holding AG.

– The Company was notified on October 28, 2010, that BlackRock Inc. held indirectly and directly a shareholding of totally 4.91% in INFICON Holding AG and that this was increased to 5.28% on December 15, 2010.

4 ISSUED, AUTHORIZED AND CONDITIONAL SHARE CAPITAL

Issued Share Capital / Share Capital Increase
During 2010, employees of INFICON exercised stock options which resulted in 24,787 new shares being issued and increased nominal share capital by CHF 123,935. The share premium thereon of CHF 2,537,992 has been credited to the general legal reserve. At December 31, 2010, the number of issued INFICON Holding AG shares amounted to 2,174,843 (2009: 2,150,056) with a nominal value of CHF 5 each.

Conditional Share Capital
The articles of incorporation provide for a conditional capital of a maximum of CHF 1,042,155 through the issuance of 208,431 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. In 2010, employee stock options were exercised resulting in an increase in share capital of 24,787 shares. The remaining available balance of conditional share capital at December 31, 2010 is CHF 918,220 (2009: CHF 1,042,155).

5 DISCLOSURE OF MANAGEMENT COMPENSATION

Refer to Notes to the Consolidated Financial Statements, Note 21, "Additional Information Required by Swiss Law."

6 CONTINGENT LIABILITIES

	December 31,	
In CHF 1,000	**2010**	2009
Guarantees in favor of affiliated companies	**11,580**	12,473

7 RISK ASSESSMENT DISCLOSURES REQUIRED BY SWISS LAW

Refer to Notes to the Consolidated Financial Statements, Note 21, "Additional Information Required by Swiss Law."

APPROPRIATION OF AVAILABLE EARNINGS

(Proposal of the Board of Directors)

	December 31,	
In CHF 1,000	**2010**	2009
Retained earnings at beginning of year	**28,019**	35,801
Dividend payment to shareholders	**(8,606)**	(12,879)
Net income	**12,389**	5,097
Retained earnings	**31,802**	28,019

Gross dividend (2010: CHF 10.00 / 2009: CHF 4.00 each share)	**(21,748)**	(8,600)

The proposed dividend is to be paid out from either retained earnings or legal reserves. Subject to the confirmation by a requested tax ruling the dividend will be paid out of legal reserves from capital contributions. The proposed amount represents an estimated amount. This will be adjusted to take into account any new shares entitled to dividend which are issued subsequent to December 31, and prior to the date of the dividend payment.

REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

INFICON HOLDING AG

As statutory auditors, we have audited the financial statements of INFICON Holding AG, which comprise the balance sheet, income statement and notes (pages 48 to 52) for the year ended December 31, 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Stefan Räbsamen	Barbara Peine
Audit expert	Audit expert
Auditor in charge	

Zürich, February 28, 2011

Certain statements contained in this Annual Report are forward-looking statements that do not relate solely to historical or current facts. Forward-looking statements can be identified by the use of words such as “may”, “believe”, “will”, “expect”, “project”, “assume”, “estimate”, “anticipate”, “plan” or “continue.” These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation, such as the semiconductor and related industries and the anticipated effects of these trends on our business. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. Some of these risks and uncertainties are discussed in the Company’s Annual Report for fiscal 2010. As a consequence, our current and anticipated plans and our future prospects, results of operations and financial condition may differ from those expressed in any forward-looking statements made by or on behalf of our Company. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2010 Annual Report

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