INFICON

ANNUAL REPORT
JAHRESBERICHT
2008

COMPANY OVERVIEW
UNTERNEHMENSPORTRÄT

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 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.

The INFICON Annual Report 2008 is presented for your convenience in English and German. The English language version is binding. Additional copies of this report may be downloaded from the Investor Relations section of our website, www.inficon.com, under Financial Reports.

INFICON verwirklicht Messgeräte der Spitzenklasse für die Analyse, Messung und Kontrolle von Gasen.

Unsere Analyse-, Mess- und Kontrollprodukte sind ein wesentlicher Erfolgsfaktor in der Gaslecksuche der Klima- und Kühlgeräte Herstellung, sowie für die Produktionsanlagenhersteller und Endverbraucher bei der komplexen Fabrikation von Halbleitern und Dünnfilmbeschichtungen für optische Instrumente, Flachbildschirme, Solarzellen und industrielle Vakuumbeschichtungen.

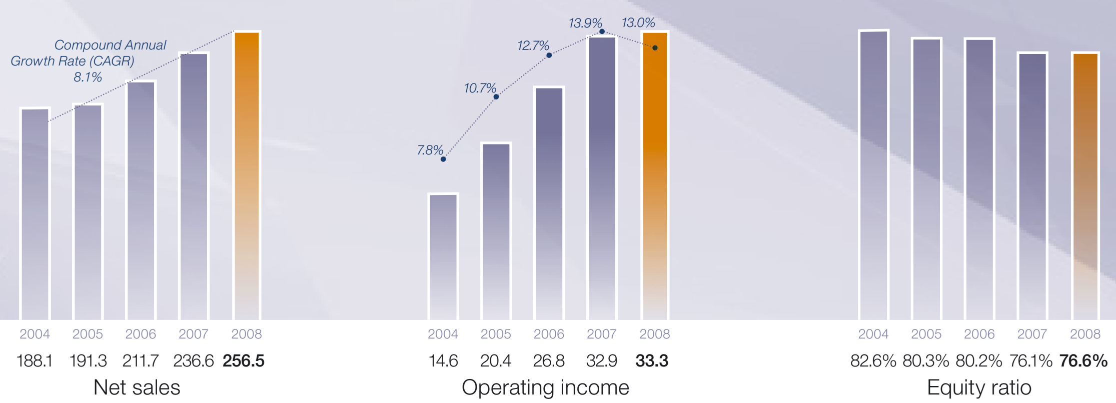
Weitere Anwender der Vakuumtechnologie sind: Life Sciences, Forschung, Raumfahrt, Verpackungen, Wärmebehandlung, Laserschneiden und viele weitere industrielle Prozessindustrien.

Unsere Expertise in der Vakuumtechnologie kommt zudem in der Entwicklung von einzigartigen Geräten zur Analyse giftiger Gase in der Notfallhilfe, Sicherheitsüberwachung und Industriehygiene zum Einsatz.

Der INFICON Geschäftsbericht umfasst Texte in Deutsch und Englisch; die englischen Texte sind verbindlich. Weitere Exemplare des Geschäftsberichts können im Bereich Investor Relations der INFICON Website www.inficon.com unter Financial Reports herunter geladen werden.

KEY FIGURES KENNZAHLEN 5 YEARS JAHRE

According to U.S. GAAP
(U.S. Dollars in Millions,
except per share amounts)

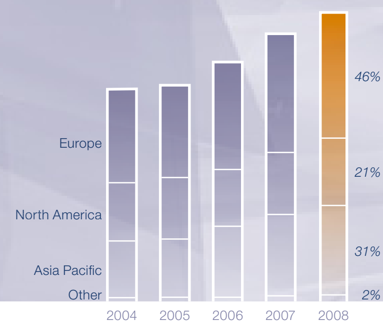


	2004	2005	2006	2007	2008
Net sales	188.1	191.3	211.7	236.6	**256.5**
Research and development	20.2	18.7	18.3	20.3	**22.2**
Selling, general and administrative	52.7	50.1	52.9	57.0	**60.1**
Operating income	14.6	20.4	26.8	32.9	**33.3**
in % of net sales	*7.8%*	*10.7%*	*12.7%*	*13.9%*	***13.0%***
EBITDA	20.8	24.6	32.2	39.0	**40.2**
in % of net sales	*11.0%*	*12.9%*	*15.2%*	*16.5%*	***15.7%***
Net income	9.4	15.5	22.0	24.8	**24.3**
Cash and short-term investments	61.2	72.3	67.6	39.3	**45.8**
Cash flow from operations	23.1	17.9	21.0	30.2	**31.3**
Capital expenditures	3.7	4.0	7.0	5.7	**6.0**
Total assets	172.2	181.3	194.3	181.6	**181.3**
Long term debt	—	—	—	—	**—**
Shareholders' equity	142.3	147.1	155.8	138.3	**138.9**
Equity ratio in %	*82.6%*	*80.3%*	*80.2%*	*76.1%*	***76.6%***
Employees	729	713	795	891	**876**

INFICON's business model generates sustainable sales and earnings year after year.

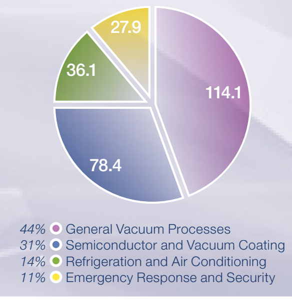
INFICONs Geschäftsmodell generiert nachhaltige Umsätze und Erträge. Über Jahre.

Cash flow from operations



(100%=USD 256.5 Mio.)

Direct sales by Geographic Region



(100%=USD 256.5 Mio.)

2008 sales by End Market

	2004	2005	2006	2007	2008
Ratios per Share					
Net income per share – diluted	4.07	6.64	9.30	10.70	**11.26**
Shareholders' equity per share – diluted	61.00	62.90	65.70	59.70	**64.32**
Free cash flow per share – diluted	8.31	5.92	5.92	10.60	**11.68**
Return on equity %	*6.6%*	*10.5%*	*14.2%*	*17.9%*	***17.5%***
Dividend per share (CHF)	—	5.00	6.00	8.00	**6.00***
Share price (CHF) at December 31	86.95	174.00	192.00	182.50	**87.80**
					* As proposed to AGM
Direct sales by Geographic Region					
Europe	83.1	81.3	94.4	104.8	**117.9**
North America	51.4	54.6	50.4	54.0	**54.9**
Asia-Pacific	51.8	53.7	64.0	73.4	**80.3**
Other	1.8	1.8	2.9	4.4	**3.4**
Sales by End Market					
General Vacuum Processes	82.7	86.4	94.1	99.1	**114.1**
Semiconductor and Vacuum Coating	58.8	53.5	70.2	81.6	**78.4**
Refrigeration and Air Conditioning	28.1	29.7	29.1	38.6	**36.1**
Emergency Response and Security	18.5	21.7	18.3	17.3	**27.9**

INFICON has a very strong balance sheet with no long-term debt.

INFICON verfügt über eine äusserst starke Bilanz ohne nennenswerte Schulden.

TARGET MARKETS

ZIELMÄRKTE

	General Vacuum Processes	Semiconductor and Vacuum Coating	Refrigeration and Air Conditioning	Emergency Response and Security
MARKET POSITION	1	1 and 2	1	1
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	*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, 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, environmental monitoring for air, soil, and water
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 Drive toward “miniaturization” for portability Increasing demand for solar/photovoltaic energy	Increased government regulation to reduce environmental pollution and increase energy efficiency Increased quality standards and technology/process control New CO_2 technology for air conditioning General growth in demand for air conditioning	Imminent threats to national and global political and economical 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	○	○		●
Sensor integration software		○		

MAJOR PRODUCT CATEGORIES AND TECHNOLOGIES

WICHTIGE PRODUKTKATEGORIEN UND -TECHNOLOGIEN

In a marketplace under increasing pressure to reduce costs, increase yields, and improve quality, INFICON provides the tools for exceptional, reliable results: critical sensor technologies and advanced process control software, gas analyzers, helium and refrigerant leak detectors, vacuum gauges, and on-site toxic chemical analysis for life-saving decisions.

For a complete list of products, visit our website www.inficon.com/productindex

Die hochpräzisen und zuverlässigen Instrumente von INFICON ermöglichen in vielen Industrieprozessen signifikante Kosteneinsparungen, tiefere Ausschussraten und eine höhere Qualität und entsprechen damit einem echten Marktbedürfnis. Das Produktspektrum umfasst unter anderem hochpräzise Sensoren und Prozesskontroll-Software, Gasmessgeräte, Helium- und Kühlmittel-Lecksucher, Vakuum-Messröhren sowie für die rasche Entscheidungsfindung vor Ort einsetzbare Geräte zur Aufspürung und Identifikation toxischer Gase.

Für eine gesamte Produktliste besuchen Sie unsere Webseite auf www.inficon.com/productindex

INDUSTRIAL GAS ANALYZERS AND PROCESS CONTROL SENSORS

INFICON residual gas analyzers (RGAs) are used as diagnostic tools to aid process engineers in continuously monitoring the manufacturing process for the presence of contaminant gases and for verifying the presence of desired process gases.

VACUUM GAUGES AND COMPONENTS

INFICON vacuum gauges offer superior accuracy and reliability in compact designs. SKY® Capacitance Diaphragm Gauges, with innovative ceramic technology, perform exceptionally well in harsh manufacturing environments.

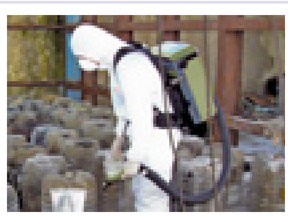
LEAK DETECTORS

INFICON helium, refrigerant, and multi-gas leak detectors set the standard for reliability and ease of operation – from pinpointing small leaks in high-vacuum systems to heavy-duty industrial quality control for sub-assembly, mid-production and final test.

THIN FILM CONTROLLERS

Market-leading INFICON thin film deposition controllers, monitors and QCM measurement instruments control deposition rate and thickness of the most complex processes with unsurpassed measurement speed and precision.

CHEMICAL IDENTIFICATION SYSTEMS



HAPSITE® ER Chemical Identification System, the only person-portable gas chromatograph/mass spectrometer (GC/MS), provides immediate, on-site detection and analysis of volatile organic compounds, toxic industrial chemicals, and chemical warfare agents in air, water and soil.

SENSOR INTEGRATION SOFTWARE

FabGuard FDC combines on-line Fault Detection and Classification (FDC) capabilities with powerful tools for fab engineers to readily analyze virtually any aspect of process and equipment behavior. No other system provides greater capability to guard against wafer loss, reduce unscheduled tool downtime and improve yield.

MILESTONES AND ACHIEVEMENTS
MEILENSTEINE UND ERFOLGE

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.
INFICON has major manufacturing facilities in Germany, Liechtenstein, and the United States.

INFICON entstand im Juni 2000 aus dem Vakuum-Instrumentengeschäft dreier bekannter internationaler Firmen, die 1996 innerhalb der schweizerischen Gesellschaft OC Oerlikon (vormals Unaxis) zusammengeführt worden waren. Am 9. November 2000 gelangte INFICON als selbständige Gesellschaft an die Börse.
INFICON verfügt über bedeutende Produktionsgesellschaften in Deutschland, Liechtenstein und den USA.

	2000	2001	2002	2003	2004
CORPORATE	– IPO on SWX and Nasdaq				
ACQUISITIONS		– HAPSITE Business		– New Vision Systems – Sentex Systems	
DIVESTMENTS				– Ultraclean Processing business – Diffusion Pump Product line	
TECHNOLOGY LEADERSHIP	– Sensor integration and analysis system for semiconductor manufacturing	– Compact process monitor for semiconductor manufacturing	– Scanning-laser particle detector for semiconductor manufacturing	– Thin film deposition controller for flat panel display manufacturing	– Vacuum gauge combining three technologies for semiconductor manufacturing – HAPSITE Smart for military/security applications

2005	2006	2007	2008
– Delist from Nasdaq	– 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
	– Electro Dynamics Crystal Corp. (EDC)	– Maxtek Inc. – Sigma Instruments Inc.	
– Photolithography product line (formerly New Vision Systems)			
– Leak detector based on quartz membrane technology for refrigeration market	– 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 Dector for after-market service	– HAPSITE ER for onsite chemical identification and analysis – FabGuard 8.0 for semiconductor manufacturing – Guardian Co-Deposition Controller for thin film processes – Transpector XPR3L for solar cell and process yield optimization

MAJOR EVENTS OF 2008

- FEB 12: INFICON announces 11.7% higher sales and 11.2% higher net income for the financial year 2007
- APRIL 16: INFICON announces 19.1% higher sales and 7.4% higher net income for the first quarter of 2008
- APRIL 24: INFICON shareholders approve the payout of a 33% higher dividend of CHF 8.00 per share for 2007
- JUNE 23: INFICON announces Matthias Tröndle as new CFO of the Group
- JULY 15: INFICON announces significant additional HAPSITE orders from China
- JULY 23: INFICON completes the 2007 share buyback program cancelling 235,587 registered shares
- JULY 24: INFICON announces all-time record results: 24.2% higher sales and 37.3% higher net income for the second quarter and 21.7% higher sales and 20.5% higher net income for the first half-year
- SEPTEMBER 25: INFICON publishes its half-year report
- OCTOBER 21: INFICON announces 4.8% higher sales and 11.5% higher net income for the third quarter of 2008

LETTER TO OUR SHAREHOLDERS
BRIEF AN UNSERE AKTIONÄRE

From left to right:

Board of Directors:
Dr. Richard Fischer,
Paul Otth,
Gustav Wirz (Chairman),
Mario Fontana,
Dr. Thomas Staehelin.

DEAR SHAREHOLDERS

Five years ago, we set a new goal for the profitability of INFICON. Since then, the company has increased operating profit every year. The first three quarters of 2008 were again on track for another excellent result, but the financial crisis and its repercussions on the global economy also left their mark on INFICON in the fourth quarter, resulting in an operating income level for 2008 just slightly above the prior year.

The whole INFICON team worked hard to make the best of the situation. The Board of Directors and Management rapidly took necessary measures to adjust the cost structure to the new market situation. Most of the cost saving actions will become effective in the first quarter of 2009.

INFICON closed the fiscal year with a sales increase of 8.4% to USD 256.5 million and with a 1.4% higher operating income of USD 33.3 million. Cash flow increased slightly from USD 30.2 million the year before to USD 31.3 million.

Our very solid balance sheet shows a high equity ratio of over 76%. The Board of Directors will propose a dividend of CHF 6.00 per share to the Annual General Meeting of Shareholders on May 5, 2009.

SEHR GEEHRTE AKTIONÄRINNEN UND AKTIONÄRE

Vor fünf Jahren haben wir uns ein neues Profitabilitätsziel für INFICON gesetzt; seither hat die Firma das Ergebnis jedes Jahr erhöht. Im Geschäftsjahr 2008 waren die ersten drei Quartale wiederum geprägt von starkem Wachstum und höherem Gewinn, aber die Finanzkrise und ihre Auswirkungen auf die Weltwirtschaft haben dazu geführt, dass für das ganze 2008 nur eine leichte Erhöhung des Betriebsgewinns gegenüber dem Vorjahr resultierte.

Das ganze INFICON Team hat hart gearbeitet, um die Auswirkungen der Rezession zu mildern. Der Verwaltungsrat und das Management haben schnell reagiert und die Kostenstruktur der neuen Marktsituation angepasst. Die Auswirkungen der meisten Massnahmen werden im ersten Quartal 2009 greifen.

INFICON erzielte 2008 einen Umsatzzuwachs von 8.4% auf USD 256.5 Mio. und einen um 1.4% höheren Betriebsgewinn von USD 33.3 Mio. Mit USD 31.3 Mio. erhöhte sich der Cashflow leicht gegenüber USD 30.2 Mio. im Vorjahr.

Die Bilanz präsentiert sich mit einer hohen Eigenkapitalquote von über 76% solide. Der Verwaltungsrat schlägt der Generalversammlung vom 5. Mai 2009 die Ausschüttung einer Dividende von CHF 6.00 je Aktie vor.

LETTER TO OUR SHAREHOLDERS
BRIEF AN UNSERE AKTIONÄRE

Guardian™ Co-Deposition Controller

An emerging technology in solar cell manufacturing, Guardian™ Co-Deposition Controller significantly improves the reproducibility of thin film quality during the fabrication of CIGS thin films.

Der Guardian™ Co-Deposition Controller ist spezifisch auf die sich in der Solarzellenherstellung neu durchsetzende CIGS-Dünnschicht-Technologie ausgerichtet und verbessert markant die Reproduzierbarkeit einer gleichbleibenden Dünnschicht-Qualität während der Fertigung.

ORGANIZATION

In December 2007, Peter Maier was promoted to the position of Vice President and General Manager Intelligent Sensor Solutions. Mr. Maier significantly improved efficiency at our facility in the United States. His background in engineering and his experience as former Vice President/Chief Financial Officer certainly help him in his new role. During the first part of 2008, he also served as CFO of the Group and mastered this double work-load with excellence. On September 1, 2008, Matthias Tröndle joined INFICON as Vice President/Chief Financial Officer. We are very happy to welcome Mr. Tröndle in his new position and we are certain that INFICON will benefit greatly from his broad experience in finance at an international industrial company.

We are proud to see how INFICON works together as a team in its endeavor to achieve excellence, uncompromising quality, and the highest level of customer satisfaction. This forms the basis of INFICON's long-term success. A clear strategic plan, reviewed every year and, if necessary, adapted to new market developments, enhances the team effort and positions INFICON as a market leader. Close contacts to our global customers provide us with the necessary information to create new products and enhance existing ones.

ACQUISITIONS

The integration of acquisitions is proceeding as planned and we are pleased to report that we are meeting our anticipated targets.

ORGANISATION

Im Dezember 2007 wurde Peter Maier zum Vice President/General Manager Intelligent Sensor Solutions befördert. Herr Maier hat dank seiner Ausbildung in Engineering und seiner Erfahrung als CFO der Gruppe die Effizienz unserer Niederlassung in den USA verbessert. Bis zur Übernahme der CFO-Position durch seinen Nachfolger hat er auch diese Abteilung weitergeführt und die Doppelbelastung souverän gemeistert. Per 1. September 2008 stiess Herr Matthias Tröndle als Vice President, Chief Financial Officer neu zu INFICON. Wir freuen uns, dass sich Herr Tröndle für INFICON entschieden hat. Seine langjährige Finanzerfahrung in einem internationalen, industriellen Umfeld ist für INFICON nur von Vorteil.

Wir sind stolz zu sehen, wie sich das ganze Team engagiert und loyal einsetzt, um Spitzenleistungen, eine kompromisslose Qualität und höchste Kundenzufriedenheit zu erreichen. Dies verhilft INFICON zu anhaltendem Erfolg. Eine klar definierte Strategie, die jährlich überprüft und wenn nötig an die Marktgegebenheiten angepasst wird, verstärkt diese Teamleistung und positioniert INFICON als Marktführer. Die enge Zusammenarbeit mit unseren Kunden weltweit liefert uns die nötigen Informationen, um neue innovative Produkte zu entwickeln und bestehende Produkte zu verbessern.

AKQUISITIONEN

Die Integration der akquirierten Firmen geht planmässig voran. Die erwarteten Ziele sind erreicht worden.

High-temperature, digital SKY® CDG Capacitance Diaphragm Gauges provide exacting pressure measurement in a variety of industrial applications.

Die mit Keramik-Membranen ausgerüsteten SKY® CDG Kapazitätsmessröhren ermöglichen auch bei hohen Temperaturen exakteste Druckmessungen bei verschiedenen industriellen Anwendungen.

SKY® CDG045 Capacitance Diaphragm Gauge

BENEFITS OF SERVING A BROAD ARRAY OF END MARKETS

INFICON's broad-based technology portfolio serves diverse markets worldwide, making the company less dependent on individual market developments. During the first six months sales increased in all of INFICON's target markets – Semiconductor & Vacuum Coating, Refrigeration & Air Conditioning, Emergency Response & Security and General Vacuum Processes – and INFICON ended the first half-year, reporting record high sales and earnings. For the full year 2008, sales only rose in the General Vacuum and Emergency Response & Security markets whereas revenues in the Semiconductor & Vacuum Coating and Refrigeration & Air Conditioning markets declined by single digit figures.

STABLE GENERAL VACUUM BUSINESS

INFICON's key market in terms of revenue is the General Vacuum Process end market. Our instruments and components are used across a broad spectrum of industrial applications, which offers certain economic stability. In addition, we address this market through both our private-label customers – mostly global manufacturers of vacuum pumps – and direct sales, which help us to target new vacuum applications. The market showed a solid trend throughout the year, losing some momentum only in the last quarter. Sales for the full year rose to USD 114.1 million an increase of 15.5% compared with 2007.

BREITE ABSTÜTZUNG AUF UNTERSCHIEDLICHE ZIELMÄRKTE ZAHLT SICH AUS

INFICON bedient mit einem breit diversifizierten Technologie-Portfolio weltweit unterschiedliche Märkte, was die Abhängigkeit von einzelnen Brachenentwicklungen etwas entschärft. In den ersten sechs Monaten konnte INFICON die Verkäufe in allen Zielmärkten – Halbleiter & Vakuumbeschichtungen, Kälte- & Klimatechnik, Notfallhilfe & Sicherheit sowie Allgemeine Vakuumanwendungen – steigern und das erste Halbjahr mit rekordhohen Umsatz- und Ertragszahlen abschliessen. Auf Jahresbasis stiegen die Umsätze in den Bereichen Allgemeine Vakuumprozesse sowie Notfallhilfe & Sicherheit. Demgegenüber sanken die Umsätze sowohl im Markt für Halbleiter & Vakuumbeschichtungen als auch im Markt für Kälte- & Klimatechnik im einstelligen Prozent-Bereich.

STABILES GESCHÄFT MIT ALLGEMEINEN VAKUUMANWENDUNGEN

INFICONs umsatzstärkster Endmarkt ist jener der Allgemeinen Vakuumanwendungen. Die hier abgesetzten Geräte und Komponenten werden in einem äusserst breiten Industriespektrum für diverse Applikationen eingesetzt, was diesem Bereich eine konjunkturelle Grundstabilität verleiht. Wir gehen diesen Markt bewusst sowohl über unsere Private-Label-Kunden – vor allem globale Vakuumpumpen-Hersteller – als auch im Direktgeschäft an, wo wir nicht zuletzt auf neue Anwendungen abzielen. Über das ganze Jahr betrachtet hat sich dieser Markt sehr gut entwickelt und er hat auch im letzten Quartal nur wenig eingebüsst. Für das Geschäftsjahr 2008 betrug der Umsatz USD 114.1 Mio., ein Plus von 15.5% gegenüber 2007.

Next generation, person-portable HAPSITE® ER Chemical Identification System combines new features and low consumables usage with easy-to-use-operation for environmental and emergency response markets worldwide.

HAPSITE® ER, die nächste Systemgeneration des bequem von einer Person tragbaren Geräts zur Identifikation von Umweltgiften und chemischen Kampfstoffen vereint zusätzliche Eigenschaften mit einer verbrauchsarmen und einfachen Bedienung.

WORLDWIDE MARKET SUCCESS FOR HAPSITE SYSTEMS

Revenues in the Emergency Response & Security market continued to grow year round, including the fourth quarter. On a yearly basis, revenues increased by an impressive 58.5% to USD 27.9 million. HAPSITE systems proved to be a very important sales generator in 2008. We increased our production capacity in line with the rising demand for our person-portable chemical identification systems and introduced an additional model called HAPSITE ER, which can be used easily, even when wearing heavy protection gear and gloves. Besides ongoing sales to U.S. government agencies and a growing business with police and army forces in Europe, we expanded our market position in the area of civil applications. We recorded the biggest success in the People's Republic of China where numerous HAPSITE systems were included in the security measures during the Beijing Olympic Games. Apart from this one-time event, our chemical analysis systems, which identify the presence and potential danger of toxic substances in air, water and soil, are increasingly used in environmental monitoring and emergency response. Only hours after the devastating earthquakes in the Sichuan Province, HAPSITE systems were used to monitor the quality of drinking water. Many provinces trust our analysis systems in their environmental and drinking water monitoring efforts.

WELTWEITER MARKTERFOLG MIT HAPSITE-SYSTEMEN

Gesamthaft blieb die Umsatzentwicklung im Markt für Notfallhilfe & Sicherheit bis zum Ende des Jahres positiv. Auf Jahresbasis nahm der Umsatz um eindrückliche 58.5% auf USD 27.9 Mio. zu. Als besonders wichtiger Umsatzträger im Marktbereich Notfallhilfe & Sicherheit erwies sich 2008 die HAPSITE-Gerätefamilie. Im Berichtsjahr haben wir die Produktionskapazität für diese tragbaren Chemikalien-Identifikationssysteme ausgebaut und HAPSITE ER lanciert, ein Modell, das selbst in voller Schutzbekleidung und groben Handschuhen einfach zu bedienen ist. Neben ansprechenden Verkäufen an US-Regierungsstellen und einem wachsenden Geschäft mit Polizei- und Armeeeinheiten in Europa, konnten wir in diesem Markt unsere Position vor allem auch im zivilen Einsatzbereich markant ausbauen. Den grössten Markterfolg erzielten wir in der Volksrepublik China, wo zahlreiche HAPSITE-Geräte zum Sicherheitsdispositiv der Olympischen Spiele von Peking zählten. Neben diesem einmaligen Einsatz werden die bequem von einer Person tragbaren und einfach zu bedienenden Analyselabors, die vor Ort sofort Aufschluss über das Vorhandensein und die Art von Giftstoffen in Luft, Wasser und Boden geben, vor allem zur Umweltüberwachung und zur Notfallhilfe verwendet. Bereits Stunden nach dem Erdbeben in der Provinz Sezchuan wurden HAPSITE-Geräte zur Überwachung der Trinkwasserqualität vor Ort eingesetzt. Zahlreiche weitere Provinzen verwenden unsere Analysegeräte im Umwelt-Monitoring und der Trinkwasseranalyse.

Transpector® XPR3L optimizes solar and LCD process yield by monitoring gas pressures, detecting contaminants and locating leaks.

Transpector® XPR3L optimiert Solar- und LCD-Prozesse durch die laufende Überwachung des Gasdruckes, das Aufspüren von Fremdstoffen und Lecks.

Transpector® XPR3L Residual Gas Analyzer

ACCELERATED SALES DECLINE IN SEMICONDUCTOR & VACUUM COATING IN THE FOURTH QUARTER

In the Semiconductor & Vacuum Coating market, sales to equipment manufacturers and chip makers started to slow down in spring. However, a very strong vacuum coating business for consumer electronics and photovoltaic solar panels was able to offset this negative trend in the third quarter. The credit crisis that evolved into a global economic recession massively hit the overall Semiconductor & Vacuum Coating market from November onwards.

Towards year-end, sales declined sharply, even in the solar panel market, resulting in significantly fewer shipments of vacuum coating sensors and high precision thin film deposition controllers. Our sales for optical and electronic applications such as flat panel displays, including OLED screens, and hard disks, were more stable. Although the battle over the next-generation DVD standard was decided in favor of BlueRay technology, the Christmas 2008 sales boom many retailers had expected did not take place.

Thanks to the generally stable sales for precision optics and optical coatings, overall sales to this market declined only by 3.9% to USD 78.4 million.

VERSCHÄRFTER UMSATZRÜCKGANG IM HALBLEITER- UND BESCHICHTUNGSMARKT IM VIERTEN QUARTAL

Im Markt für Halbleiter & Vakuumbeschichtungen begann sich ab Frühjahr bei den Anlagenherstellern und Produzenten von Halbleiterprodukten eine Abkühlung abzuzeichnen. Im dritten Quartal konnte dies noch mit einem ausgesprochen starken Geschäft im Gebiet der Vakuumbeschichtungen für elektronische Verbrauchsgüter und Solarenergieanwendungen kompensiert werden. Ab November 2008 schlug die zu einer weltweiten Rezession ausgewachsene Kreditkrise auf voller Breite durch und der wohl stärkste Abschwung der Halbleiterbranche hat Chip-Produzenten, Anlagenhersteller und Komponentenlieferanten erfasst.

Gegen Jahresende hin brach zudem auch der Photovoltaik-Markt deutlich ein, so dass der Absatz unserer spezifischen Prozess-Sensoren und der hochsensitiven Dünnschichtkontrollgeräte ebenfalls spürbar zurückging. Recht stabil blieb dagegen das Geschäft mit Herstellern von optischen Geräten, Flachbildschirmen – insbesondere OLED-Bildschirmen und Harddisks. Obwohl die Entscheidung über die nächste DVD-Generation zugunsten der BlueRay-Technologie ausfiel, blieb der vom Detailhandel für das Weihnachtsgeschäft 2008 erhoffte Boom aus.

Dank den weiterhin recht stabilen Umsätzen im Gebiet der Optikbeschichtung fiel der Marktumsatz im laufenden Geschäftsjahr gegenüber dem Vorjahr lediglich um 3.9% auf USD 78.4 Mio.

INFICON leak detectors continue to be the premier products for all RAC quality testing applications.

INFICON Lecksucher setzen in der Qualitätskontrolle von Klima- und Kühltechnikanlagen weiterhin Standards.

Protec® P3000 XL Helium Leak Detector

REFRIGERATION & AIR CONDITIONING IMPACTED BY DECLINING HOUSING MARKET

The market for Refrigeration & Air Conditioning applications started to show signs of weakness in summer. On a yearly basis, sales generated in this market declined from USD 38.6 million in 2007 to USD 36.1 million in 2008. We primarily supply a range of different leak detectors for tightness and quality controls. Beginning summer 2008, INFICON felt the effects from the declining housing markets in many countries. The significantly lower consumer demand for new refrigerators and freezers as well as air conditioning systems impacted our business with component manufacturers, producers of household appliances and service companies.

The automotive business, also included in this market, continued positively. Here, our systems are used to prove that components like tanks, piping systems or airbags and car air conditioning systems are leak-tight.

KÄLTE- UND KLIMATECHNIKMARKT VOM NEGATIVEN IMMOBILIENGESCHÄFT BEEINFLUSST

Im Markt für Kälte- & Klimatechnik wurde ab Sommer die wirtschaftliche Abkühlung ebenfalls spürbar. Der Umsatz in diesem Markt sank auf USD 36.1 Mio. für 2008, gegenüber USD 38.6 Mio. im Vorjahr. Wir beliefern diesen Markt vor allem mit einer Palette unterschiedlicher Lecksucher für die Dichtigkeits- und Qualitätskontrolle. INFICON bekam die schlechte Verfassung des Immobilienmarktes in vielen Ländern zu spüren. Die deutlich gesunkene Nachfrage der Konsumenten nach Kühl- und Gefrierschränken sowie Klimaanlagen verlangsamte sowohl das Geschäft mit Komponentenherstellern, mit Produzenten von Kühlgeräten als auch das Servicegeschäft.

Noch recht stabil blieb dafür das ebenfalls zu diesem Marktbereich gerechnete Automobilgeschäft. Hier werden unsere Geräte zu Dichtigkeits- und Qualitätsprüfungen von verschiedenen Komponenten wie Tanks, Leitungssystemen und Airbags sowie für die Klimaanlagen der Fahrzeuge eingesetzt.

MAINTAINING OUR RESEARCH & DEVELOPMENT PROGRAMS

INFICION is continuously developing new applications based on its core technology for various markets worldwide. Apart from developing the next HAPSITE model, we also focus our R&D efforts on other areas of applications. We see numerous new opportunities for vacuum control components and leak detectors in industries to which we have not yet supplied products. We want to

FESTHALTEN AM FORSCHUNGS- UND ENTWICKLUNGSPROGRAMM

INFICON entwickelt, basierend auf den Schlüsseltechnologien der Firma, dauernd neue Instrumente für Applikationen in verschiedenen Industrien. Neben den bereits erwähnten Arbeiten am nächsten HAPSITE-Modell treiben wir unsere Forschungs- und Entwicklungsanstrengungen auch auf anderen Gebieten voran. So sehen wir in bisher nicht bearbeiteten Industriebereichen neue Einsatzmög-

T-Guard ™ Leak Detection Sensor

T-Guard Helium Leak Detector is the smallest leak detector on the market and is 100 times more sensitive than conventional testing.

Der T-Guard Helium Leak Detector ist der kleinste Lecksucher auf dem Markt und dennoch 100mal sensibler als herkömmliche Methoden.

tap into these markets with products designed specifically for new applications, opening up new niches with good potential for INFICON.

Also, the Semiconductor & Vacuum Coating market still holds many opportunities for us, despite the current downturn. Production processes are more complex in this industry than in any of our other target markets. We supply this demanding industry with a broad array of specific *in situ* sensors, delivering accurate process data for fault detection and process control in real time. The semiconductor industry still holds many opportunities for our expanding range of analysis instruments.

CAPITAL INVESTMENTS FOR THE FUTURE

In 2008, INFICON invested some USD 6 million in fixed assets, roughly in line with amortizations and depreciation, which was USD 6.9 million. In view of the current economic situation, we do not expect to expand our capacities this year. Yet, we will keep our infrastructure at a state-of-the-art level. We are convinced that this will expand our technological leadership and provide a solid base for future growth.

SLOWING PROFIT MOMENTUM

Operating profit developed nicely until mid-year, growing over-proportionally to sales. In the third quarter, the operational performance started to lag behind sales and

lichkeiten für unsere Vakuum-Komponenten und Lecksucher. Solche Chancen wollen wir mit spezifisch für diese Applikationen entwickelten Geräten künftig angehen.

Auch der Halbleiter- und Vakuumbeschichtungsmarkt bleibt trotz der derzeitigen Baisse mittelfristig ein wichtiges Geschäftsfeld für INFICON. Die Herstellprozesse sind in dieser Industrie weitaus komplexer als in allen anderen von uns belieferten Branchen. Wir bieten am Markt schon jetzt ein breites Sortiment an spezifischen, direkt in die Herstellprozesse integrierten Echtzeit-Sensoren zur frühzeitigen Fehlererkennung und zur Überwachung an. Die Halbleiterindustrie bietet weitere Einsatzmöglichkeiten für unsere Palette von Analyseinstrumenten, die wir weiter ausbauen.

INVESTITIONEN FÜR DIE ZUKUNFT

Im Geschäftsjahr 2008 lagen unsere Sachinvestitionen mit rund USD 6 Mio. in ähnlicher Höhe wie die für Abschreibungen und Amortisationen aufgewendeten USD 6.9 Mio. Im laufenden Jahr erwarten wir angesichts der wirtschaftlichen Situation keine Erweiterungsinvestitionen. Wir wollen unsere Infrastruktur aber auf dem jeweils neusten Stand halten. Wir sind überzeugt, dass wir damit unsere technologische Führerschaft ausbauen und eine wertvolle Grundlage für unser zukünftiges Wachstum schaffen.

NACHLASSENDE GEWINNDYNAMIK

Der Betriebsgewinn hatte sich bis zur Jahresmitte äusserst zufriedenstellend entwickelt, legte er doch im Vergleich mit dem Umsatz überproportional zu. Im drit-

UL 1000 Fab

Making ease of use, leak detection efficiency and mobility within the fab environment system priorities, the UL1000 Fab provides an extremely fast leak rate response across all measurement ranges.

In der Halbleitererstellung sind Bedienungskomfort, effiziente Lecksuche und die Wendigkeit des Instrumentes vorrangig. Der UL 1000 Fab bietet eine extrem schnelle Leckaufspürrate über alle Messbereiche.

in the fourth quarter operational profit declined with a decrease of 26%, which was twice as fast as sales.

INFICON ended 2008 with operating income of USD 33.3 million, just 1.4% above last year. After lower interest income, higher tax expense and lower other income reflecting exchange rate losses experienced during the year, INFICON achieved a slightly lower net profit of USD 24.3 million compared with USD 24.8 million the year before.

COMPREHENSIVE COST REDUCTION PROGRAM

INFICON rapidly took measures to counteract the global economic decline, which became clearly visible starting in November. We decreased spending wherever possible and aligned our capacities to the current market conditions. The combination of these measures will reduce our cost base by a clear double digit percentage figure this year.

MAINTAINING DIVIDEND POLICY

Even in the weak last quarter of 2008, INFICON generated a strong cash flow from operations. For the full year, we recorded an operational cash flow of USD 31.3 million, just slightly higher than 2007 when cash flow stood at USD 30.2 million. Our ongoing strong and solid balance sheet without any long-term debt, showing an equity ratio of over 76%, and strong cash flow allow the payment of a dividend, even in these difficult economic times.

ten Quartal vermochte die Gewinn-Entwicklung aber bereits nicht mehr ganz mit dem Umsatz mitzuhalten, und im vierten Quartal ging der Betriebsgewinn mit über 26% doppelt so rasch zurück wie der Umsatz.

INFICON schloss daher das Jahr mit einem nur 1.4% über Vorjahr liegendem Betriebsgewinn von USD 33.3 Mio. ab. Nach tieferen Zinserträgen, höherem Steueraufwand und einem aufgrund erlittener Währungsverluste gegenüber 2007 tieferen übrigen Ertrag schloss INFICON das Jahr mit einem leicht rückläufigen Nettogewinn von USD 24.3 Mio. nach USD 24.8 Mio. im Vorjahr ab.

UMFASSENDE KOSTENEINSPARUNGEN

INFICON hat rasch auf die nachteilige Entwicklung reagiert und die Ausgaben überall nach Kräften zurückgefahren. Zu Beginn des neuen Jahres mussten daher auch die Kapazitäten weltweit angepasst werden. Die Kombination aller ergriffenen Massnahmen wird die Kostenstruktur um einen klar zweistelligen Prozentbereich senken und im laufenden Jahr eine spürbare Entlastung bringen.

WEITERGEFÜHRTE DIVIDENDENZAHLUNGEN

Selbst im schwachen letzten Quartal generierte INFICON einen starken Cashflow aus operativer Geschäftstätigkeit. Für das ganze Geschäftsjahr resultierte ein gegenüber dem Vorjahr leicht höherer betrieblicher Cashflow von USD 31.3 Mio. nach USD 30.2 Mio. im Vorjahr. Bei einer unverändert sehr soliden Bilanz ohne langfristige Schulden und einer Eigenkapitalquote von über 76% erlaubt der hohe Cashflow auch in einem

Simple, low-cost TEK-Mate® Perc Detector locates leaks around valves and seals of dry cleaning equipment.

Als einfaches und kostengünstiges Gerät dient der TEK-Mate® Perc Detector zur Überprüfung von Ventilen und Dichtungen von Anlagen in Chemischen Reinigungen.

The Board of Directors proposes to the Annual General Meeting of Shareholders scheduled for May 5, 2009 the payment of a cash dividend of CHF 6.00 per share.

OUTLOOK

Board and Management are convinced that INFICON will master the economic challenges of 2009. The prospects for HAPSITE are very good, the investments in infrastructure announced by many governments should support our business also in the area of solar energy. Precision optics and optical coating have not been affected heavily by the downturn. The Semiconductor Industry has been in recession since the end of 2007, and it will likely be one of the first industries to emerge from the recession. Its rapidly changing technology will drive demand for investments in new processes and plants and for equipment and instruments. Our strong global presence in many different markets will help us maintain a basic utilization of our production sites.

A broad and diversified product and technology portfolio enables INFICON to service many different global markets and reduces the impact of the global financial crisis on our Group. Our flexible cost structure, the rapidly taken actions to align costs to the current market condition, a high level of liquidity, and our strong balance sheet, are all competitive advantages in the difficult economic climate. However, visibility remains very limited and the recovery depends heavily on the stabilization of the financial system. We have therefore decided to defer providing financial guidance for 2009.

schwierigen wirtschaftlichen Umfeld die Ausschüttung einer Dividende. Der Verwaltungsrat schlägt der Generalversammlung vom 5. Mai 2009 die Entrichtung einer Bardividende von CHF 6.00 pro Aktie vor.

AUSBLICK

Verwaltungsrat und Management sind überzeugt, dass INFICON die wirtschaftlichen Herausforderungen 2009 meistern wird. Die Aussichten für HAPSITE sind sehr gut, da die Investitionen verschiedener Länder in ihre Infrastruktur unser Solargeschäft stützen sollten. Optische Beschichtungen waren bisher noch wenig betroffen. Die Halbleiterindustrie ist seit mehr als einem Jahr in der Rezession, sie wird voraussichtlich eine der ersten Industrien sein, die einen Aufschwung sehen wird. Ihre sich extrem schnell entwickelnde Technologie wird dazu führen, dass die Nachfrage nach Geräten und Instrumenten sprunghaft ansteigen wird. Unsere starke weltweite Präsenz in verschiedenen Industrien wird uns eine Basisauslastung bringen.

Das breit diversifizierte Produkte- und Technologieportfolio ermöglicht es INFICON, weltweit unterschiedliche Märkte zu bedienen. Dies entschärft die Auswirkungen der globalen Finanzkrise auf das Unternehmen. Die flexible Kostenstruktur, die rasch ergriffenen Massnahmen zur Kostensenkung, die hohe Liquidität und eine solide Bilanz stellen im anspruchsvollen Wirtschaftsumfeld konkrete Wettbewerbsvorteile dar. Die Einschätzung der Marktentwicklung bleibt im Einzelnen jedoch schwierig und die Markt-Erholung hängt stark von der Stabilisierung der Finanzmärkte ab. Wir haben uns daher entschieden, mit der Veröffentlichung von finanziellen Zielsetzungen für 2009 vorerst zuzuwarten.

LETTER TO OUR SHAREHOLDERS
BRIEF AN UNSERE AKTIONÄRE

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

The current year will be a challenging one. Yet, we believe that we are well positioned in the mid- to long-term. We can expand our technological advantage further by our focused research and development efforts and will be ready to seize any new opportunities in our traditional markets as well as in new areas of applications.

We would like to thank all our business partners, customers and shareholders for their confidence in 2008. We will do our best to guide INFICON through the difficult time in the current year. We would also like to thank our employees and colleagues for their daily commitment and their contributions to the success of INFICON.

Auch wenn wir wohl ein äusserst schwieriges Jahr vor uns haben, sind wir überzeugt, mittel- und langfristig gute Aussichten zu haben: Mit unseren strategisch ausgerichteten Forschungs- und Entwicklungsarbeiten bauen wir die technologische Führerschaft weiter aus, damit wir die sich neu bietenden Chancen in unseren angestammten Märkten sowie in neuen Applikationsbereichen rasch ergreifen können.

Wir danken all unseren Geschäftspartnern, Kunden und Aktionären für ihr Vertrauen im Jahr 2008. Wir setzen auch im laufenden Jahr alles daran, INFICON sicher durch die derzeit schwierigen Märkte zu führen. Unser Dank gilt auch allen Mitarbeitenden und Kollegen von INFICON weltweit, die mit ihrem täglichen Engagement Entscheidendes zum langfristigen Erfolg unserer Gesellschaft beitragen.

Sincerely,
Mit freundlichen Grüssen

Lukas Winkler
President and Chief Executive Officer
Direktionspräsident und Chief Executive Officer

Gustav Wirz
Chairman of the Board of Directors
Präsident des Verwaltungsrates

COMPANY CAPITAL

The share capital of INFICON Holding AG consists of 2,145,693 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

April 17, 2009 First quarter results
May 5, 2009 Annual General Meeting of Shareholders
July 21, 2009 Second quarter results
October 15, 2009 Third quarter results
February 2010 Fourth quarter / Year-end results

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 Investor Relations section of the INFICON website www.inficon.com

	2004	2005	2006	2007	2008
Key figures per share					
Price at year end	86.95	174.00	192.00	182.50	**87.80**
Highest price	138.50	193.00	199.00	231.50	**184.50**
Date	*27. Feb*	*04. Oct*	*22. Dec*	*19. Jul*	***03. Jun***
Lowest price	67.75	82.00	121.10	175.00	**80.05**
Date	*09. Nov*	*03. Jan*	*13. Jun*	*25. Dec*	***19. Dec***
Earnings per share	4.07	6.64	9.30	10.70	**11.26**
Equity per share	61.00	62.90	65.70	59.70	**64.32**
Gross dividend	—	5.00	6.00	8.00	**6.00***
Taxable values of traded securities	86.95	174.00	192.00	182.50	**87.80**

* As proposed to AGM

GROUP ORGANIZATION*

ORGANE*

*per March 12, 2009
Stand 12. März 2009*

Board of Directors	Gustav Wirz	Chairman	Bottighofen, Switzerland
	Paul Otth	Vice Chairman	Zurich, Switzerland
	Dr. Richard Fischer	Member	Rankweil, Austria
	Mario Fontana	Member	Herrliberg, Switzerland
	Dr. Thomas Staehelin	Member	Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin	Chair	
	Paul Otth		
	Gustav Wirz		
Human Resources and Nominating Committee	Dr. Richard Fischer	Chair	
	Mario Fontana		
	Dr. Thomas Staehelin		
Strategy Committee	Mario Fontana	Chair	
	Dr. Richard Fischer		
	Paul Otth		
Executive Management	Lukas Winkler	President, Chief Executive Officer	
	Matthias Tröndle	Vice President, 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	

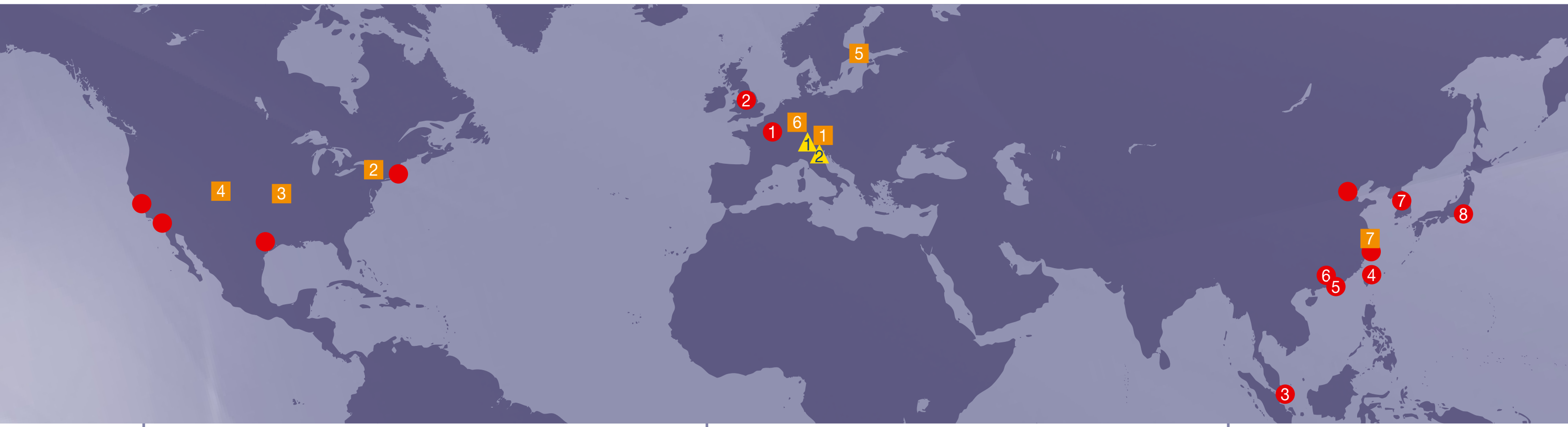
Investor Relations

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

GLOBAL PRESENCE
WELTWEITE PRÄSENZ



21% Sales in North America
356 Employees in North America

46% Sales in Europe
371 Employees in Europe

31% Sales in Asia-Pacific
149 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

4 **Sigma Instruments Inc. ***
Fort Collins, CO, USA

5 **INFICON Aaland Ab.**
Mariehamn, Finland

2 **INFICON GmbH**
Bad Ragaz, Switzerland

6 **INFICON GmbH**
Cologne, Germany

1 **INFICON S.A.R.L.**
Courtaboeuf, France

2 **INFICON Ltd.**
Bolton, United Kingdom

3 **INFICON Ptd. Ltd.**
Singapore

4 **INFICON Ltd.**
Chubei City, Taiwan

5 **INFICON Ltd.**
Hong Kong

6 **INFICON Guangzhou Service Centre Ltd.**
Guangzhou, China

7 **INFICON Ltd.**
Bungdang, Korea

8 **INFICON Co., Ltd.**
Yokohama-Shi, Japan

7 **INFICON Instruments Shanghai Co. Ltd.**
Shanghai, China

Group Administration/Management
Manufacturing
Sales

** Added in 2008*

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, INFICON'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 SIX directive.

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Operational group structure
See page 20.

INFICON Holding AG is the parent company of the INFICON group which operates from 12 countries and consists of a parent company, seven manufacturing companies, eight 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 21.

Listed corporation: INFICON Holding AG
INFICON Holding AG is based in Bad Ragaz, Switzerland. It has share capital of TCHF 10,728 made up of 2,145,693 shares with a nominal value of CHF 5 each.

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

Market capitalization at December 31, 2008 was TCHF 188,392 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

Stockholder Structure
Based on number of registered stockholders as of December 31, 2008.

Number of shares	Number of stockholders
> 50,000	7
10,000–50,000	16
1–9,999	1,211
Total	1,234

Stockholders by Country
Based upon number of registered stockholders as of December 31, 2008.

Country	Number of stockholders
Switzerland	1,016
Germany	72
United States of America	50
Liechtenstein	19
Rest of Europe	59
Rest of World	18
Total	1,234

Major stockholders
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, 2008:

Issued share capital	2,145,693	TCHF 10,728
Conditional share capital	212,794	TCHF 1,064

The issued share capital comprises 2,145,693 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 1,087 through the issuance of 217,312 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, 2008, a total of 4,518 options have been exercised reducing the available conditional shares to 212,794 and the conditional share capital to TCHF 1,064.

2.3 CHANGES IN STOCKHOLDERS' EQUITY

Changes in stockholders' equity are presented in the consolidated statements of stockholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2008 and 2007. For the year ended 2006, please refer to the 2006 Annual Report.

2.4 SHARES

See 2.1. 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, 2008 a total of 134,209 options. These options entitle holders to acquire a total of 134,209 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 671. For a more detailed discussion of stock option plans, please see Notes to Consolidated Financial Statements, 19. 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 three-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 filing, has established an Audit Committee, a Strategy 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
Gustav Wirz

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 are 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
Mario Fontana
Dr. Thomas Staehelin

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

Mario Fontana, Chairman
Dr. Richard Fischer
Paul Otth

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 four meetings per year in addition to regular conference calls. The Strategy Committee and the Human Resources and Nominating Committee hold two or more meetings per year.

Frequency of meetings of the Board of Directors and its Committees

	Board of Directors	Audit Committee	Human Resources and Nominating Committee	Strategy Committee
Number of meetings in 2008	4	4	4	4
Approx. average duration of meetings (in hours)	1.7	1.3	1.8	2.8
Richard Fischer	4	4	4	4
Mario Fontana	4	4	4	4
Paul Otth	4	4	4	4
Thomas Staehelin	4	4	4	4
Gustav Wirz	4	4	4	4

Number of Conference Calls 2008	3	4	0	0
Approx. average duration of conference calls (in hours)	1.2	1.1		
Richard Fischer	3	4		
Mario Fontana	3	4		
Paul Otth	2	3		
Thomas Staehelin	3	4		
Gustav Wirz	3	4		

The Company's Board of Directors includes:

GUSTAV WIRZ, Citizen of Switzerland, 1945

Chairman of the Board of Directors, Member Audit Committee

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

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

Current Board Mandates

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

Since 2003 QCSolutions Inc. (USA), Member

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

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

Since 2007 Tec-Sem Group AG (CH), Chairman

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

PAUL E. OTTH, Citizen of Switzerland, 1943

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

2000–2001 Elma, Board Member

1999–2004 Esec, Board 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 Human Resources and Nominating Committee, Member Strategy 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 Engineering
1984–2004	VAT Holding AG, Switzerland, Chief Executive Officer

Previous Board Mandates

None

Current Board Mandates

Since 1997	VAT Holding AG, Switzerland, Chairman
Since 1990	ARS GmbH, Member
Since 2008	Netservice AG, Chairman
Since 2003	INFICON Holding AG, Member

MARIO FONTANA, Citizen of Switzerland, 1946

Director, Chairman Strategy Committee, Member Human Resources and Nominating Committee

Educational Background

1966–1969	Swiss Federal Institute of Technology (ETH), Zurich, Studies in Mechanical Engineering
1969–1970	Georgia Tech, USA, Master of Science Degree in Aerospace Engineering

Executive Experience

1970–1977	IBM Switzerland, sales representative and international account manager
1977–1980	Brown Boveri Brazil, Chief of Staff and CIO. Is today part of ABB.
1981–1983	Storage Technology Switzerland, Country General Manager
1984–1993	Hewlett-Packard Switzerland, Country General Manager
1993–1995	Hewlett-Packard Germany, General Manager Computer Business
1995–1997	Hewlett-Packard Europe, General Manager Computer Business
1997–1999	Hewlett-Packard USA, General Manager Financial Services worldwide

Previous Board Mandates

1993–2006	Büro Fürrer, Board Member. Company acquired by Lyreco, France
1998–2008	SBB, Swiss Railways, Board Member
1999–2004	Bon appétit Group, Chairman. Company acquired by REWE, Germany
2000–2005	Leica Geosystems, Chairman. Company acquired by Hexagon, Sweden
2000–2003	AC Services, Germany, Board Member
2002–2006	Sulzer, Board Member
2004–2006	Amazys, Chairman. Company acquired by X-Rite, USA
2006–2008	X-Rite, USA, Board Member

Current Board Mandates

Since 2001	Swissquote, Chairman
Since 2003	INFICON Holding AG, Board Member
Since 2005	Dufry, Board Member
Since 2006	Hexagon, Sweden, Board Member

THOMAS STAEHELIN, Citizen of Switzerland, 1947

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

Educational Background

1967–1971	University of Basel, lic. iur. (Master in Law)
1972–1974	Univeristy 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

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

See 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 three years. 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 2009
Mario Fontana	May 2003	May 2009
Paul Otth	November 2000	May 2009
Thomas Staehelin	May 2001	May 2010
Gustav Wirz	May 2004	May 2010

No members were subject to re-election in 2008.

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

See page 20.

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 minutes of committee meetings, as well as 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 accounting principles 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), Zuerich, 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

Executive Experience

1991–1994	Heidelberg Druckmaschinen AG, Germany, Controller
1994–1996	Deloitte Consulting, Consulting Project Manager for SAP Implementations
1996–1998	Leybold Inficon, US, Director of Information Systems
1998–2000	Leybold Inficon, US, Vice President of Finance and Controller for the Instrumentation Division
2000–2007	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 (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

URS WÄLCHLI, Citizen of Switzerland, 1961

Vice President and General Manager, Vacuum Control (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

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

See 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

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHARE-OWNERSHIP PROGRAMS

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.

5.2 TRANSPARENCY OF THE COMPENSATIONS, SHAREHOLDINGS AND LOANS PERTAINING TO ISSUERS DOMICILED ABROAD

See Notes to Consolidated Financial Statements, 22. Additional Information required by Swiss law.

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 Sega Inter Settle AG. The shares will not be physically represented by certificates but, will be managed collectively in book-entry form by SIS Sega Inter Settle 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 1,000 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, Zurich, elected for one year. PricewaterhouseCoopers AG commenced its mandate as statutory auditors of INFICON Holding AG in June 2002. The lead engagement partner, Mr. Stephen Williams, has been responsible for the audits of the statutory and consolidated financial statements of INFICON Holding AG since June 2002. The significant subsidiaries of INFICON Holding AG are audited by member firms of PricewaterhouseCoopers.

8.2 AUDITING FEES

Audit fees for the 2008 audit were approximately TUSD 492 (TCHF 519).

8.3 ADDITIONAL FEES

Fees paid to PricewaterhouseCoopers for non-audit services, consisting primarily of tax services, rendered during 2008 were approximately TUSD 107 (TCHF 113).

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. The Audit Committee evaluates the performance, fees, and independence of the statutory auditors each year.

Typically the Audit Committee receives a summary of the scope of work planned by the auditors on an annual basis and meets with the auditors to review these audit plans. Following the audit work, the auditors submit a report on the results of their work including all communications required to be made to the Audit Committee in accordance with auditing standards generally accepted in the USA. The Audit Committee meets with the auditors to discuss and review their feedback. Based on this information, it 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 April following the year end closing. Income statements and balance sheets are prepared on a quarterly basis. A 2008 half-year report was published in September 2008. Information available for investors can be found at www.inficon.com.

FINANCIAL REPORT GROUP
FINANZBERICHT GRUPPE

(U.S. Dollars in Millions)

INCOME STATEMENT

NET SALES

Net Sales increased by 8.4% to MUSD 256.5 in 2008 from MUSD 236.6 in 2007, with changes in currency exchange rates representing 5.2% of the increase. The General Vacuum Processes market had the largest increase of MUSD 15.3, representing a 15.5% increase from 2007 due to market growth and new products that leveraged technology into new industrial applications. Sales to the Emergency Response and Security market showed the strongest relative growth with an increase of MUSD 10.3, representing a 58.5% increase from 2007. This significant increase was fueled primarily by a rising civil and environmental demand for HAPSITE, as well as rising sales for security and safety applications into Europe and Asia. Sales to the Refrigeration and Air Conditioning (RAC) market decreased by MUSD 2.5 or 6.5% from 2007 as a result of lower demand from RAC manufacturers, mainly in Asia and Europe. Sales to the Semiconductor and Vacuum Coating market decreased MUSD 3.2 or 3.9% from 2007, driven by a sharp Q4 decrease of sales to semiconductor and equipment manufacturers, which were partially offset by growth in thin film coating.

GROSS PROFIT

Gross profit margin was 45.1% for 2008 versus 46.5% for 2007. Although the increased sales volumes allowed INFICON to realize cost synergies and better absorption of manufacturing overhead, changes in the product and customer mix, unfavorable foreign currency trends, as well as customer price pressure, impacted the margin.

RESEARCH AND DEVELOPMENT

Research and development costs increased to MUSD 22.2 from MUSD 20.3 in 2007, with changes in currency exchange rates representing MUSD 1.2 of the increase. The MUSD 0.7 increase at constant rates reflects intensified new product development efforts and the inclusion of Sigma operations since December 2007. The Company relatively maintained spending on research and development as a percentage of net sales at 8.7% in 2008 versus 8.6% in 2007.

SELLING, GENERAL AND ADMINISTRATIVE (SGA)

SGA expenses increased to MUSD 60.1 in 2008 from MUSD 57.0 in 2007, with changes in currency exchange rates representing MUSD 2.4 of the increase. SGA spending as a percentage of net sales fell to 23.4% from 24.1% in 2007. The increased dollar amount reflects investments in the expansion of sales force and infrastructure in Asia to support growth in target markets.

OTHER EXPENSE (INCOME)

Other expense was MUSD 1.0 for 2008 as compared to other expense of MUSD 0.1 for 2007. Foreign currency losses accounted for MUSD 1.8 of the expense for 2008 versus 0.1 in 2007. This increased expense was partly offset by higher other income of MUSD 0.8 in 2008 which primarily consisted of earn-out payments from the sale of the Diffusion Pump business.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT slightly decreased to MUSD 32.3 or 12.6% of net sales for 2008 from MUSD 32.7 or 13.8% of net sales for 2007. The Company considers the profitability solid given the current market conditions.

INTEREST INCOME

Interest income dropped to MUSD 0.5 for 2008 versus 1.2 MUSD for 2007. The reduction is primarily due to a lower average monthly cash balance of MUSD 37 for 2008 compared to MUSD 58 in 2007, attributable mainly to share buyback, dividends and acquisitions. Additionally, interest rates were lower for most of the currencies held.

PROVISION FOR INCOME TAXES

Provision for income taxes fell to MUSD 8.5, or 25.8% of income before taxes for 2008 from a provision of MUSD 9.2, or 27.1% of income before income taxes for 2007. This lower effective tax rate was driven by enacted tax rate reductions in Germany and the U.S. and a more favorable mix in earnings and tax rates among the Company's different tax jurisdictions.

BALANCE SHEET AND CASH FLOW

Trade accounts receivable decreased by MUSD 6.1 to MUSD 26.8 at December 31, 2008 as compared to MUSD 32.9 at December 31, 2007. Days sales outstanding were nearly flat at 49.8 days for 2008 versus 49.9 days for 2007 using a 4-point average of quarter-end balances.

Inventory increased by MUSD 0.5 to MUSD 30.8 at December 31, 2008 as compared to MUSD 30.3 at December 31, 2007. Inventory turns decreased slightly to 4.3 in 2008 from 4.4 in 2007 using a 4-point average of quarter-end inventory balances.

Accrued liabilities decreased by MUSD 3.2 to MUSD 22.0 at December 31, 2008. The decrease was driven primarily by lower salaries, bonus, and commission accruals.

Cash and short term investments at December 31, 2008 totaled MUSD 45.8, an increase of MUSD 6.5 when compared to December 31, 2007. The Company generated a strong cash flow from operating activities of MUSD 31.3 in 2008 versus 30.2 in 2007. Net cash used in financing activities was significantly lower in 2008 with MUSD (15.6) versus MUSD (50.2) in 2007. This is mainly due to the share repurchase program of MUSD 41.9 in 2007.

CONSOLIDATED BALANCE SHEET

(U.S. Dollars in Thousands, except share and per share amounts)

ASSETS	December 31, 2008	December 31, 2007 Restated
Cash and cash equivalents	**45,842**	28,982
Short-term investments	**—**	10,268
Trade accounts receivable, net	**26,753**	32,861
Inventories, net	**30,788**	30,304
Deferred tax assets	**5,648**	6,260
Other current assets	**4,792**	3,781
Total current assets	**113,823**	112,456
Property, plant and equipment, net	**25,902**	25,507
Deferred tax assets	**24,276**	25,765
Goodwill	**13,442**	11,035
Intangible assets, net	**1,909**	2,068
Other non-current assets	**1,946**	4,805
Total non-current assets	**67,475**	69,180
Total assets	**181,298**	181,636
LIABILITIES AND STOCKHOLDERS' EQUITY		
Trade accounts payable	**6,172**	6,356
Short-term borrowings	**4,740**	4,269
Accrued liabilities	**21,963**	25,189
Income taxes payable	**627**	5,165
Deferred tax liabilities	**—**	1,116
Total current liabilities	**33,502**	42,095
Deferred tax liabilities	**206**	415
Other non-current liabilities	**8,685**	874
Total non-current liabilities	**8,891**	1,289
Total liabilities	**42,393**	43,384
Common stock (2,145,693 in 2008 and 2,376,762 in 2007 shares issued / 2,145,693 in 2008 and 2,141,175 in 2007 shares outstanding; par value CHF 5)	**6,009**	5,996
Additional paid-in capital	**65,048**	63,488
Retained earnings	**66,984**	59,249
Accumulated other comprehensive income	**864**	9,519
Total stockholders' equity	**138,905**	138,252
Total liabilities and stockholders' equity	**181,298**	181,636

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(U.S. Dollars in Thousands, except per share amounts)

Year ended December 31,	2008	2007
		Restated
Net sales	**256,489**	236,557
Cost of sales	**140,808**	126,455
Gross profit	**115,681**	110,102
Research and development	**22,228**	20,290
Selling, general and administrative	**60,125**	56,956
Operating income	**33,328**	32,856
Interest expense (income), net	**(475)**	(1,209)
Other expense (income), net	**1,019**	109
Income before income taxes	**32,784**	33,956
Provision for income taxes	**8,473**	9,191
Net income	**24,311**	24,765
Earnings per share:		
Basic:	**11.34**	10.83
Diluted:	**11.26**	10.70

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(U.S. Dollars in Thousands, except share and per share amounts)

	Common stock	Additional paid-in capital	Note receivable from officers	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity
Balance at December 31, 2006	6,628	97,850	(164)	43,329	8,118	155,761
Effect of change in accounting method at January 1, 2007				2,782	(2,782)	—
Net income				24,765		24,765
Other comprehensive income:						
Unrealized gain (loss) on foreign currency hedges, net of income taxes USD 30					(77)	(77)
Unrecognized income related to pensions (net of tax of (USD 788))					1,586	1,586
Foreign currency translation adjustments					2,674	2,674
Total comprehensive income						28,948
Repayment of note receivable from officers			164			164
Issuance of common stock from exercise of stock options	59	1,775				1,834
Stock-based compensation		1,083				1,083
Share repurchase	(691)	(35,657)				(36,348)
Dividends paid (CHF 6 per share)				(11,627)		(11,627)
Adjustments to deferred taxes related to Pre-IPO reorganization		(1,563)				(1,563)
Balance at December 31, 2007 restated	5,996	63,488	—	59,249	9,519	138,252
Net income				24,311		24,311
Other comprehensive income:						
Unrealized gain (loss) on foreign currency hedges, net of income taxes USD (40)					37	37
Unrecognized expense related to pensions (net of tax of (USD 3,482))					(9,688)	(9,688)
Foreign currency translation adjustments					996	996
Total comprehensive income						15,656
Issuance of common stock from exercise of stock options	13	449				462
Stock-based compensation		1,111				1,111
Dividends paid (CHF 8 per share)				(16,576)		(16,576)
Balance at December 31, 2008	6,009	65,048	—	66,984	864	138,905

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(U.S. Dollars in Thousands, except per share amounts)

Year ended December 31,	2008	2007
		Restated
Cash flows from operating activities:		
Net income	**24,311**	24,765
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**6,210**	5,714
Amortization	**691**	473
Deferred taxes	**4,006**	3,240
Stock-based compensation	**1,111**	1,083
Changes in operating assets and liabilities, excluding effects from acquisition:		
Trade accounts receivable	**7,662**	(373)
Inventories	**153**	(3,653)
Other assets	**(1,182)**	(1,849)
Trade accounts payable	**(1,244)**	(760)
Accrued liabilities	**(539)**	1,077
Income taxes payable	**(4,529)**	1,527
Other liabilities	**(5,386)**	(1,086)
Net cash provided by operating activities	**31,264**	30,158
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(6,033)**	(5,705)
Acquisitions of businesses net of cash acquired	**(2,937)**	(8,383)
Change in short-term investments	**10,205**	49
Net cash provided by (used in) investing activites	**1,235**	(14,039)
Cash flows from financing activities:		
Repayment of note receivable from officers	**—**	164
Cash dividend paid	**(16,576)**	(11,627)
Cash used for share repurchase	**—**	(41,948)
Increase in short-term borrowings net	**471**	1,416
Proceeds from exercise of stock options	**462**	1,833
Net cash used in financing activities	**(15,643)**	(50,162)
Effect of exchange rate changes on cash and cash equivalents	4	5,739
Change in cash and cash equivalents	**16,860**	(28,304)
Cash and cash equivalents at beginning of period	**28,982**	57,286
Cash and cash equivalents at end of period	**45,842**	28,982

See notes to consolidated financial statements.

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. INFICON's stock is traded on the SIX 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 manufacturer 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.

We also leverage our 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 the United States, Europe and China and operations in China, Germany, Finland, France, Hong Kong, Japan, Korea, Liechtenstein, Singapore, Switzerland, Taiwan, the United Kingdom, and the United States.

2 RESTATEMENT OF 2007 FINANCIAL STATEMENTS

During 2008, INFICON AG, a subsidiary of the Company, changed its pension accounting to amortize actuarial gains and losses and prior service cost over the remaining service period (15 years) as well as to adopt the 10% corridor method for pension cost. Previously, all actuarial gains and losses and prior service costs had been amortized over a shorter but arbitrary period of 5 years. The change in method was made to more accurately match the pension expense with the benefit of employee service using a method which was already utilized by other companies in the group.

This change is deemed to be a change in accounting method and according to FAS 154 "Accounting Changes and Error Corrections a replacement of APB Opinion No. 20 and FASB Statement No. 3," retrospective restatement is required. As a result, at January 1, 2007, retained earnings was increased by USD 2,782 and other comprehensive income was decreased by USD 2,782. Additionally, 2007 selling general and administrative expense was reduced by USD 285 and provision for income taxes was increased by USD 37. The 2007 restated net income increased by USD 248 and basic and diluted earnings per share increased from USD 10.73 to 10.83 and from USD 10.59 to 10.70 respectively. The impact of this change in accounting method on the consolidated financial statements 2008 has been immaterial in all respects. See Footnote 17 "Employee Benefit Plans" for further information.

3 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 amounts of assets and liabilities and disclosure 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.

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 592 and USD 565 at December 31, 2008 and 2007, 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.

Concentration Risk

The following table represents specific customer sales as a percentage of total Company sales:

	2008	2007
Customer A	16%	15%
Customer B	12%	12%

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 4,661 and USD 4,641 as of December 31, 2008 and 2007, 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 carryforwards. 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.

Effective January 1, 2007, the company adopted Financial Accounting Standards Board ("FASB") interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB statement No. 109," ("FIN 48"). FIN 48 prescribes a comprehensive model for how a company should measure, recognize, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that 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 a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate 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 Income Taxes footnote for details on the adoption of FIN 48 during 2007.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation. Expenditures for major renewals and betterments 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 3 to 10 years for machinery and equipment.

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 these assets 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 rates and expected return on plan assets. 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.

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 450 in 2008 and USD 446 in 2007 are expensed as incurred.

Stock-Based Compensation

The Company uses the modified prospective method since January 1, 2006, the date of adoption of Statement of Financial Accounting Standards ("SFAS") No. 123(R), Share-Based Payment. Under this method, awards that are granted, modified, or settled after December 31, 2005, are measured and accounted for in accordance with SFAS No. 123(R). Also under this method, expense is recognized for unvested awards that were granted prior to January 1, 2006, based upon the fair value determined at the grant date under SFAS 123, Accounting for Stock-Based Compensation. Stock based compensation expense is recognized ratably over the requisite service period for all awards. See Stock Option Plans Footnote 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 U.S. 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 (loss) as a component of stockholders' equity. Gains and losses from foreign currency transactions are reported in the statement of income under other expense (income), net.

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

	Period-end rates		Average rates	
Currency	**2008**	2007	**2008**	2007
Swiss Francs	**0.9473**	0.8884	**0.9264**	0.8342
Euro	**1.4097**	1.4729	**1.4713**	1.3707
Japanese Yen	**0.0111**	0.0089	**0.0097**	0.0085
Hong Kong Dollar	**0.1290**	0.1282	**0.1284**	0.1282
Korean Won	**0.0008**	0.0011	**0.0009**	0.0011

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", 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 SOP 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." 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

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements ("SFAS No. 157"). In February 2008, the Financial Accounting Standards Board ("FASB ") issued FASB Staff Position No. FAS 157–2, "Effective Date of FASB Statement No. 157", which provides a one year deferral of the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company has adopted the provisions of SFAS No. 157 with respect to its financial assets and liabilities only. In accordance with SFAS No. 157, fair value is defined as the price that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. For the fair value measurement of its derivatives, the Company uses independent information supplied by Financial Institutions categorized as Level 2 in accordance with SFAF No. 157. The adoption of SFAS No. 157 did not have a material effect on the Company's financial condition or results of operations.

On January 1, 2008, the Company adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 permits companies to choose to measure certain financial instruments and certain other items at fair value using an instrument-by-instrument election. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. Under SFAS No. 159, the Company did not elect the fair value option for any of its assets and liabilities. The adoption of SFAS No. 159 did not have an impact on the Company's consolidated financial statements.

In December 2008 the FASB staff issued a position paper FSP No. 140-4 Disclosures by Public Enterprises about Transfers of Financial Assets and Interests in Variable Interest Entities ("FSP SFAS 140"). The FSP amends FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140"). The standard requires public entities to provide additional disclosures about transfers of financial assets. It also amends FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" (FIN 46(R)), to require public enterprises, including sponsors that have a variable interest in a variable interest entity, to provide additional disclosures about their involvement with variable interest entities. Additionally, this FSP requires certain disclosures to be provided by a public enterprise that is (a) a sponsor of a qualifying special purpose entity (SPE) that holds a variable interest in the qualifying SPE but was not the transferor (nontransferor) of financial assets to the qualifying SPE and (b) a servicer of a qualifying SPE that holds a significant variable interest in the qualifying SPE but was not the transferor (nontransferor) of financial assets to the qualifying SPE. The disclosures required by this FSP are intended to provide greater transparency to financial statement users about a transferor's continuing involvement with transferred financial assets and an enterprise's involvement with variable interest entities and qualifying SPEs. SFAS No. 140 is effective for the Company's fiscal year, and interim periods within such year, ending after December 15, 2008. There has been no impact to the Company on the financial statements from the adoption of this pronouncement.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of noncontrolling interests (minority interests) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to noncontrolling interests will be included in consolidated net income on the face of the income statement. SFAS No. 160 is effective for the Company's fiscal year, and interim periods within such year, beginning January 1, 2009. At the current time the Company does not believe there will be an impact on the financial statements from the adoption of this pronouncement.

FAS 141(R) significantly changes the accounting for business combinations. Under FAS 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date at fair value with limited exceptions. FAS 141(R) further changes the accounting treatment for certain specific items, including: acquisition costs will be generally expensed as incurred; acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies; in-process research and development (IPRD) will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. FAS 141(R) also includes a substantial number of new disclosure requirements. FAS 141(R) applies prospectively to the Company's business combinations for which the acquisition date is on or after January 1, 2009.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities— an amendment of FASB Statement No. 133" ("SFAS No. 161"). The standard is intended to enhance required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities; and (c) derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS No. 161 is effective for the Company in the first quarter of fiscal year 2009. The Company is currently evaluating the effect of adoption of SFAS 161, but does not presently believe that it will have a material effect on its consolidated financial position or results of operations.

In April 2008, the FASB issued a position paper FSP SFAS No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP SFAS No. 142-3"). This FSP amends the factors that must be taken into account for renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets". It amends paragraph 11(d) of SFAS No. 142 to require an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset. In addition, the FSP requires incremental disclosures for renewable intangible assets such as the weighted-average period prior to the next renewal or extension, the entity's accounting policy for the treatment of costs incurred to renew or extend the term of a recognized intangible asset. This FSP shall be effective for financial statements for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. It should be applied prospectively to intangible assets acquired after the effective date, early adoption being prohibited. The Company will apply the provisions of this FSP to any intangible assets recognized on or after December 15, 2008, or acquired after December 15, 2008.

In December 2008, the FASB Staff issued a position paper FSP No. 132 (R)-1, "Employers Disclosures about Postretirement Benefit Plan Assets" ("FSP SFAS 132 (R)-1"). The FSP amends SFAS 132 (R) to require additional disclosures about assets held in an employer's defined benefit pension or other postretirement plan. The FSP requires to disclose the fair value for each major class of assets as well as the significant investment strategies of the funds, in which the plan assets are invested. It is effective for fiscal years ending after December 15, 2009, with an early application permitted. The Company is currently evaluating the potential impact of this position paper.

4 SHARE REPURCHASE

During 2007, the Company completed a share repurchase on a special second trading line on the SIX Swiss Exchange. The share repurchase program began on May 3, 2007 and ended on December 13, 2007, with 235,587 shares having been repurchased at an average price CHF 199.89, which equated to 10.0% of the registered share capital prior to the program's inception. At June 30, 2008, INFICON held 10.0% of the voting rights in the company pursuant to Article 20 of the Swiss Stock Exchange Act. On July 24, 2008, the 235,587 registered shares were cancelled as agreed on April 24, 2008, at the Annual General Meeting of Shareholders.

5 ACQUISITIONS

Electro Dynamics Crystal Corp.

On February 28, 2006, the Company acquired the assets of Electro Dynamics Crystal Corp. (EDC), a premier manufacturer of quartz-based products. The acquisition provides INFICON a competitive advantage through vertical supply chain integration and improves the Company's position in the optical coating and display markets.

The purchase price was USD 6,000, less assumed liabilities paid in cash at closing. As part of this asset purchase agreement, there is an earn-out to be paid for calendar years 2006, 2007 and 2008, if certain profitability goals are achieved. This earn-out is targeted to pay USD 667 annually; however actual pay-outs may vary each calendar year. At December 31, 2008 the Company had paid USD 624 for the 2007 earn-out and had accrued USD 1,192 for the 2008 earn-out to be paid in 2009. The earn-outs paid and accrued have been recorded as an increase to goodwill. 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 March 1,	2006
Inventory	841
Equipment	678
Goodwill	3,527
Intangible assets	1,183
Assets acquired	6,229
Accrued liabilities assumed	(306)
Net assets acquired	5,923

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

	Value	Weighted-average life (years)
Unpatented technology/Trade secret	650	5.0
Customer relationships	425	6.0
Contract Backlog	3	0.7
Non-competition & non-solicitation	105	4.0
Intangible assets	1,183	

Maxtek

On May 31, 2007, the Company acquired the assets of Maxtek Inc. (Maxtek), a developer and manufacturer of thin film deposition measurement and Quartz Crystal Microbalance (QCM) measurement instruments and accessories. The acquisition further strengthens the Company's leading position for measurement and control products in the optical coating market.

The purchase price was USD 5,000, less assumed liabilities and expenses, paid in cash at closing. As part of this asset purchase agreement, there was an earn-out of USD 667 to be paid upon the achievement of certain milestones and up to USD 1,334 to be paid upon the achievement of certain sales targets within 12 months following the consummation of the acquisition. The Company paid USD 667 and USD 1,224 in 2008 for milestones and sales targets achieved. The earn-outs paid have been recorded as an increase to goodwill. The Company expects that the goodwill and intangible assets will be amortized over a fifteen year period for tax purposes.

During 2008, the Company paid termination benefits totaling approximately USD 285, which was recorded as an increase to goodwill at the time of acquisition. Also, the Company adjusted goodwill for additional considerations of USD 470 of which the Company paid USD 137 in 2008.

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

As of May 31,	2007
Inventory	1,073
Equipment	36
Goodwill	3,832
Intangible assets	900
Assets acquired	5,841
Accrued liabilities assumed	(340)
Net assets acquired	5,501

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

	Value	Weighted-average life (years)
Backlog	60	0.8
Non-competition agreements	30	3.6
Customer relationships	610	6.0
Technology	200	10.0
Intangible assets	900	

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. As of December 31, 2008, the Company has not recognized a liability or additional goodwill for this earn-out.

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

As of December 10,	2007
Inventory	528
Equipment	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	

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, 2008 and 2007, respectively.

6 INVENTORIES

Net inventories consist of the following at December 31:

	2008	2007
Raw material	**21,525**	22,437
Work-in-process	**2,516**	2,438
Finished goods	**6,747**	5,492
Balance at December 31,	**30,788**	30,304

7 PROPERTY, PLANT, AND EQUIPMENT

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

	2008	2007
Land	**700**	700
Buildings and improvements	**33,261**	31,763
Machinery and equipment	**38,710**	32,533
	72,671	64,996
Less: accumulated depreciation	**(46,769)**	(39,489)
Balance at December 31,	**25,902**	25,507

8 INTANGIBLE ASSETS

The costs of identified intangible assets, including completed technology, trade secrets, 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 430 per year.

The balance of the intangible assets was as follows:

	December 31, 2008		December 31, 2007	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Technology	2,350	(1,329)	2,080	(865)
Customer relationships	1,235	(402)	1,035	(190)
Other	218	(163)	206	(198)
Intangible assets, net	3,803	(1,894)	3,321	(1,253)

9 GOODWILL

The activity of goodwill was as follows:

Year ended December 31,	**2008**	2007
Balance, beginning of year	**11,035**	4,227
Transferred to intangible assets upon completion of the allocation of purchase price for the Sigma acquisition	**(538)**	
Goodwill acquired during the year, including increases for contigent consideration	**2,945****	6,808*
Balance, end of year	**13,442**	11,035

* 2007 goodwill acquired changed in 2008 partly due to the completion of the allocation of purchase for the Sigma acquisition which was consummated late in 2007 and for which the allocation of purchase price had not been finalized at December 31, 2007.

** Additional goodwill acquired in 2008 due mainly to Maxtek and EDC earn-outs. For a more detailed discussion of payments, please see Notes to Consolidated Financial Statements, 5. Acquisitions.

10 ACCRUED LIABILITIES

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

Year ended December 31,	**2008**	2007
Salaries, wages and related costs	**14,584**	16,972
Warranty	**2,882**	2,879
Deferred revenue	**367**	226
Professional fees	**952**	1,241
Other	**3,178**	3,871
Balance at December 31,	**21,963**	25,189

11 WARRANTY

The activity of the warranty reserve was as follows:

	2008	2007
Balance at beginning of year	**2,879**	2,855
Add: warranty provision	**2,325**	2,232
Deduct: claims against reserve	**2,322**	2,208
Balance at end of year	**2,882**	2,879

12 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, 2008.

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 arrangement for foreign exchange forward transactions.

The following is a summary of these facilities and outstanding balances at December 31, 2008:

Bank	Total available (USD)	Interest rate	Expiration	Outstanding at December 31, 2008 (USD)
A	553	Variable	Nov 09	553
B	10,000	Variable	Upon notice	2,918
C	846	Variable	Upon notice	0
D	2,115	7.50%	Upon notice	1,057
E	705	Variable	Mai 09	212
F	430	Variable	Aug 10	0
	14,649			**4,740**

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amount of financial instruments reported in the balance sheet approximates fair value.

The Company maintains a foreign currency exchange risk management strategy that uses derivative instruments, in the form of forward exchange contracts and swaps, 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 generally 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. 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, 2008 and 2007, are included in accumulated other comprehensive income, net of taxes. These unrealized net gains/losses are expected to be recognized into earnings over the next twelve months.

The Company had losses from all foreign currency transactions and foreign exchange contracts of USD 1,761 and USD 121 for the years 2008 and 2007, respectively, which are recorded in other expense (income), net.

	2008	2007
Aggregate value of contracts for sale of U.S.Dollars	**1,217**	4,802
Aggregate value of contracts for exchange of all other currencies	**—**	1,394

14 COMMITMENTS AND CONTINGENCIES

A summary of contractual commitments and contingencies as of December 31, 2008 is as follows:

	Operating leases	Purchase obligations	Total
2009	5,204	4,254	**9,458**
2010	4,853	996	**5,849**
2011	4,620	3	**4,623**
2012	4,338		**4,338**
2013	4,274		**4,274**
Therafter	1,559		**1,559**
Total	24,848	5,253	**30,101**

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2010 through 2019. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes. Rental expense under operating leases totaled USD 5,888 and USD 4,826 for the years ended December 31, 2008 and 2007, 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.

15 SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for the years ended December 31:

	2008	2007
Income taxes, net	**6,403**	3,339
Interest	**1,344**	681

Non-cash transactions for the years ended December 31:

	2008	2007
Adjustment for SFAS 158	**(9,688)**	1,586
Acquisition earn-out accrued	**(2,416)**	(1,292)
Adjustment to deferred taxes related to the pre-IPO reorganization	**—**	(1,563)

16 INCOME TAXES

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

	2008	2007
Switzerland	**5,383**	5,442
Foreign	**27,401**	28,514
Income before income taxes	**32,784**	33,956

Provision (benefit) for income taxes included the following:

	2008	2007
Current:		
Switzerland	**6**	(9)
Foreign	**3,617**	5,101
	3,623	5,092
Deferred:		
Switzerland	**—**	—
Foreign	**4,850**	4,099
	4,850	4,099
Provision for income taxes	**8,473**	9,191

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

	2008	2007
Swiss statutory tax rate	**19.5%**	19.5%
Effect of non-Swiss subsidiaries with different tax rates	**6.4%**	7.2%
Change in valuation allowance	**(2.4%)**	(3.1%)
Tax rate changes on deferred taxes	**0.0%**	6.4%
Effect of permanent differences & other	**2.3%**	(2.9%)
Effective tax rate	**25.8%**	27.1%

Deferred tax assets and (liabilities) were comprised of the following:

	2008	2007
Intangible assets	**14,748**	18,744
Loss carryforwards and tax credits	**10,881**	11,561
Accrued liabilities	**4,294**	2,206
Inventory	**1,120**	(646)
Deferred revenue and other	**504**	562
Less: valuation allowances	**(840)**	(1,011)
Property, plant, and equipment	**(989)**	(922)
Net deferred tax asset	**29,718**	30,494
Presented as:		
Current deferred tax asset	**5,648**	6,260
Long-term deferred tax asset	**24,276**	25,765
Current deferred tax liability	**—**	(1,116)
Long-term deferred tax liability	**(206)**	(415)
	29,718	30,494

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 stockholders' 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, 2008, the Company has net deferred tax assets of approximately USD 30,000, 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 carryforwards to ensure there is adequate support for the realization of the deferred tax assets. While 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 the Company 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, 2008 will be realized. In addition, the Company has recorded a valuation allowance of USD 840 in 2008 compared to USD 1,011 in 2007, 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.

Undistributed earnings of INFICON'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 unremitted earnings.

Effective January 1, 2007, the Company adopted the provisions of FIN 48 which resulted in no adjustment to the Company's Balance Sheet or Statement of Income. The total amount of unrecognized tax benefits as of the date of adoption and at December 31, 2008 was USD 1,500, and if this amount was recognized in the future, the full amount would be included in the determination of net income following the Company's adoption of SFAS 141 (R) 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: 2006 to 2008, U.S.A. 2000 to 2008, Liechtenstein: 2008, Germany: 2004 to 2008, Korea: 2004 to 2008, Japan: 2004 to 2008, Hong Kong: 2002 to 2008, and Taiwan: 2004 to 2008.

17 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.

As described in Note 2, during 2008 the Company changed its pension accounting in its INFICON AG subsidiary, which resulted in a retroactive restatement of 2007. Contained below is a reconciliation of all amounts which have been adjusted from the amounts that were previously reported.

	2007 as presented	Adjustment	2007 as restated
The pre-tax amounts recognized in accumulated other comprehensive income consist of:			
Net actuarial loss	3,550	3,412	6,962
Prior service (credit) cost	305	73	378
Transition obligation	20	—	20
Total (before tax effects)	3,875	3,485	7,360
Service cost	2,244		2,244
Interest cost	2,430		2,430
Expected return on plan assets	(3,292)		(3,292)
Amortization of prior service cost	31	(1)	30
Amortization of transition asset	2		2
Net amortization and deferral of actuarial gains/(losses)	529	(284)	245
Net periodic benefit cost	1,944	(285)	1,659
Net actuarial (gain)/loss	(2,518)		(2,518)
Amortization actuarial (gain)/loss	(529)	285	(244)
Amortization of prior service (cost)/benefit	(31)		(31)
Recognized prior service (cost)/credit	114		114
Amortization of transition (obligation)/asset	(2)		(2)
Total Recognized in other comprehensive income (before tax effects)	(2,966)	285	(2,681)

The following tables show reconciliations of defined benefit pension plans as of December 31, 2008:

	2008	2007 as restated
Change in benefit obligation		
Benefit obligation, January 1	**59,893**	62,400
Service cost	**2,253**	2,244
Interest cost	**2,802**	2,430
Actuarial losses (gains)	**(2,201)**	(4,897)
Benefits paid	**(1,350)**	(5,805)
Participant contributions	**1,068**	897
Plan amendments	**—**	107
Foreign currency translation adjustments	**3,632**	2,517
Benefit obligation, December 31	**66,097**	59,893
Change in plan assets		
Fair value of plan assets, January 1	**63,439**	60,612
Actual return on plan assets	**(11,695)**	913
Company contributions	**3,924**	4,548
Participants' contributions	**1,233**	897
Benefits and expenses paid	**(1,206)**	(5,698)
Foreign currency translation adjustments	**3,589**	2,167
Fair value of plan assets, December 31	**59,284**	63,439
Net funded status (including under-funded and non-funded plans) at December 31 Amounts recognized in the Consolidated Balance Sheet:		
Asset	**535**	4,667
Current liabilities	**—**	—
Non-current liabilities	**(7,571)**	(1,121)
Net funded status	**(7,036)**	3,546
Range of assumptions		
Discount rate	**2.8%–6.3%**	2.8%–6.3%
Expected return on plan assets	**2.8%–8.0%**	2.8%–8.0%
Rate of compensation increase	**2.5%–5.0%**	2.0%–5.0%
The pre-tax amounts recognized in accumulated other comprehensive income consist of:		
Net actuarial loss	**20,151**	6,962
Prior service (credit) cost	**361**	378
Transition obligation	**18**	20
Total (before tax effects)	**20,530**	7,360

The accumulated benefit obligation for all defined benefit pension plans was USD 60,260 and USD 53,344 at December 31, 2008 and 2007, respectively.

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

	2008	2007 as restated
Aggregate projected benefit obligation	**49,567**	43,578
Aggregate accumulated benefit obligation	**46,626**	41,383
Aggregate fair value of plan assets	**42,094**	42,456

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

	2008	2007 as restated
Service cost	**2,253**	2,244
Interest cost	**2,802**	2,430
Expected return on plan assets	**(3,684)**	(3,292)
Amortization of prior service cost	**38**	30
Amortization of transition asset	**2**	2
Net amortization and deferral of actuarial gains / (losses)	**128**	245
Net periodic benefit cost	**1,539**	1,659

Net actuarial (gain)/loss	**13,177**	(2,518)
Amortization actuarial (gain)/loss	**(127)**	(244)
Amortization of prior service (cost)/benefit	**(16)**	(31)
Recognized prior service (cost)/credit	**(22)**	114
Amortization of transition (obligation)/ asset	**(2)**	(2)
Total recognized in other comprehensive income (before tax effects)*	**13,010**	(2,681)

** excluding foreign currency effects*

Total recognized in net benefit cost and other comprehensive income (before tax effects)	**14,549**	(1,022)

Allocation of Assets

The asset allocation for the Company's US, Liechtenstein, and Germany pension plans for the years ended December 31, 2007 and the target allocation for 2008, by asset category, follows:

	2008	2007
Equity – US	**0%–43%**	0%–42%
Equity – International	**0%–62%**	10%–62%
Equity – Emerging Markets	**0%**	0%–16%
Bonds	**0%–66%**	20%–66%
Fixed Income	**0%–29%**	0%–28%
Cash/Money Market	**5%–100%**	0%–38%
Real Estate	**0%–26%**	5%–26%
Derivative Instruments	**0%–10%**	0%–16%

For 2007 and 2008 the Company's U.S., German and Liechtenstein pension plan assets were managed by outside investment managers. The Company's investment strategy with respect to pension assets is to maximize return while protecting principal. The investment manager will have the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity for investment returns.

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. It is anticipated the Company will make contributions of approximately USD 1,134 to the pension plans for the fiscal year ending December 31, 2009.

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

2009	1,764
2010	2,117
2011	1,983
2012	2,757
2013	3,115
2014-2018	21,238

The following table shows the amount in other comprehensive income expected to be recognized as components of Net Periodic Benefit Cost in 2009.

Transition obligation	2
Prior service cost	38
Net loss (gain)	1,199
	1,239

The Company also participates in U.S. and foreign defined contribution plans for certain locations. Expense related to these plans was USD 727 and USD 379 for the years ended December 31, 2008 and 2007, respectively.

18 STOCKHOLDER'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 Stockholders approved conditional capital in the amount of 260,000 shares, 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, 2008 and 2007, 212,794 and 217,312 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 one of the two following equity purchase programs.

Leveraged Share Plan – The leveraged share plan was available to three tiers of employees: the Chief Executive Officer, other executive officers, and key employees.

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

Notes Receivable from Officers

In November 2000, certain officers and key employees purchased 16,480 shares of common stock and paid the exercise price by issuing cash plus full recourse promissory notes, denominated in U.S. Dollars, Swiss Francs, or Euro, to the Company totaling USD 1,371. At December 31, 2007 and 2008, there was no outstanding balance on the notes.

19 STOCK OPTION PLANS

Leveraged Share Plan – The aggregate amount of shares that may be issued in the form of incentive stock options under the Leveraged Share Plan was 155,555 shares. All options are granted at prices equal to 100% of the market value of the common stock at the date of grant. The options are nontransferable and the plan includes specific requirements for employees who are terminated prior to exercising their options or prior to the options becoming vested. All of these options which were unexercised by November of 2007 expired as per terms of the plan.

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 nontransferable. 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:

	IPO leveraged share plan (expired as of 11/9/2007)	**Director plan**	**Management plan & key employee plan**
Vesting	50% on each of second and third anniversary from date of grant	Immediately at grant	25% each year from the date of grant
Exercisable	50% on each of second and third anniversary from date of grant	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	Seventh anniversary from date of grant

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

Reason for termination of employment	IPO leveraged share plan (expired as of 11/9/2007)	Director plan	Management plan & key employee plan
Resignation (voluntary)	3	12	6
Resignation (with adverse change)	as if employed	12	6
Termination by company not for cause	as if employed	12	6
Resignation or removal for cause	0	0	0
Retirement	normal vesting +12	12	24
Disability	normal vesting +12	18	18
Death	12	12	12

The following is a summary of option transactions under the three Plans:

	Shares	Weighted average exercise price (CHF)
Outstanding December 31, 2006	186,378	167.06
Granted	28,100	213.80
Forfeited	(80,814)	221.92
Exercised	(20,890)	108.20
Outstanding December 31, 2007	112,774	150.66
Granted	28,700	170.19
Forfeited	(2,747)	157.03
Exercised	(4,518)	105.39
Outstanding December 31, 2008	134,209	156.20
Exercisable at December 31, 2008	68,496	135.84

The following table summarizes information about stock options outstanding and exercisable at December 31, 2008.

Exercise price (CHF)	Shares outstanding	Outstanding options average price (CHF)	Remaining term (years)	Options exercisable	Options exercisable average price (CHF)
45.01–67.50	4,450	50.00	1.1	4,450	50.00
67.51–90.00	2,789	70.92	1.7	2,789	70.92
90.01–112.50	26,965	95.71	3.0	19,890	96.53
112.51–135.00	12,450	116.75	2.2	12,450	116.75
135.01–157.50	1,450	150.16	6.7	—	—
157.51–180.00	33,294	170.55	5.2	6,744	164.78
180.01–202.50	26,161	187.88	4.1	13,111	187.75
202.51–225.00	26,650	213.80	5.3	9,062	213.80
Totals	134,209	156.20		68,496	135.84

The weighted average remaining contractual terms of outstanding and exercisable stock options at December 31, 2008 are 4.1 years and 2.9 years, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2008 is USD 204 and 199, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2007 is USD 4,066 and 2,567, respectively.

In accordance with the provisions of SFAS 123(R) during the year ended December 31, 2008, the Company recognized stock-based compensation expense related to stock options of USD 1,111, net of tax benefit of USD 476. As a result of applying the provisions of SFAS 123(R) during the year ended December 31, 2007, the Company recognized stock-based compensation expense related to stock options of USD 1,083, net of tax benefit of USD 186.

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.

	2008	2007
Risk free interest rate	**2.76%**	2.68%
Expected volatility factor of stock price	**37.57%**	36.87%
Dividend Yield	**5.14%**	3.22%
Expected life of stock options	**5.2**	4.8

Expected volatilities are based upon historical volatility of the Company's stock and traded options. 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 1,914 at December 31, 2008, 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 1.24 years.

Shares authorized for stock option awards were 260,000. During 2008 and 2007, proceeds from stock option exercises totaled USD 462 and USD 1,834, respectively and 4,518 and 20,890 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 2008 and 2007 was USD 259 and USD 2,045, respectively. The weighted average fair value for options granted during 2008 was 37.91 CHF per share. The weighted average fair value of options vested during 2008 was 66.09 CHF per share.

20 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 maker, 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 SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," 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:

	2008	2007
Europe	**117,900**	104,725
North America	**54,900**	54,044
Asia-Pacific	**80,300**	73,373
Other	**3,389**	4,415
	256,489	236,557

21 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:

	2008	2007
Numerator		
Net income	**24,311**	24,765
Denominator		
Weighted average shares outstanding	**2,144,579**	2,285,745
Effect of dilutive stock options	**15,114**	28,600
Denominator for diluted earnings per share	**2,159,693**	2,314,345
Earnings per share:		
Basic:	**11.34**	10.83
Diluted:	**11.26**	10.70

For the year ended December 31, 2007, the fully diluted earnings per share calculation excluded 26,900 options to purchase shares since these shares would have been anti-dilutive for 2007.

22 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:

	2008	2007
Total personnel costs	**71,087**	67,214

Depreciation of property, plant, and equipment	**6,210**	5,714
Amortization and impairment on intangible assets	**691**	473
Total amortization, impairment and depreciation	**6,901**	6,187

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

	2008	2007
Buildings and improvements	**20,188**	19,396
Machinery and equipment	**36,449**	32,348
	56,637	51,744

Compensations for Acting members of Governing Bodies

The compensation 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 year ended December 31, 2008 is as follows:

	Base compensation cash	Variable compensation			Other compen-sation	Total 2008
		Accrued bonus	Share options granted*			
	TUSD	TUSD	(number)	TUSD	TUSD	TUSD
Board of Directors						
Gustav Wirz	138	0	950	31	0	169
Paul Otth	106	0	725	23	0	129
Dr. Richard Fischer	69	0	475	15	0	84
Mario Fontana	69	0	475	15	0	84
Dr. Thomas Staehelin	77	0	525	17	45**	139
Total	459	0	3,150	101	45	605
Senior Management						
Lukas Winkler President & CEO	459	180	2,000	64	18	721
Total	1,337	584	6,250	193	207	2,321

* 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

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 as of December 31, 2008:

	Shares owned	Options owned
Board of Directors		
Gustav Wirz	15,797	1,900
Paul Otth	60	1,450
Dr. Richard Fischer	15,000	1,406
Mario Fontana	2,400	2,865
Dr. Thomas Staehelin	250	4,151
Total Board of Directors	33,507	11,772
Senior Management		
Lukas Winkler, President & CEO	1,500	16,000
Matthias Tröndle, Group CFO	0	1,250
Dr. Ulrich Döbler	1,672	9,225
Peter Maier	1,510	6,600
Dr. Urs Wälchli	111	8,339
Total Executive Management	4,793	41,414

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 2008. No such loans were outstanding as of December 31, 2008.

Risk Assessment Disclosures

Effective risk assessment is an integral part of INFICON'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.

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 stockholders' equity, consolidated statement of cash flows and notes (pages 34 to 53) for the year ended December 31, 2008.

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, 2008 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

Stephen W Williams	Cornelia Ritz Bossicard
Audit expert	Audit expert
Auditor in charge	

Zurich, March 12, 2009

FINANCIAL REPORT INFICON HOLDING AG
FINANZBERICHT INFICON HOLDING AG

BALANCE SHEET

(CHF 1,000)

ASSETS	December 31, 2008	December 31, 2007
Cash and cash equivalents	**1,107**	1,018
Other receivables – third parties	**3**	5
Receivables – subsidiaries	**31**	14
Treasury stock (2008: 0 / 2007: 235,587 own shares)	**—**	42,995
Total current assets	**1,141**	44,032
Notes receivable – subsidiaries	**3,279**	3,497
Investments in subsidiaries	**294,440**	294,440
Total long-term assets	**297,719**	297,937
Total assets	**298,860**	341,969
LIABILITIES AND STOCKHOLDERS' EQUITY		
Other payables – third parties	**14**	16
Accounts payable – subsidiaries	**—**	9
Accrued liabilities	**421**	470
Total current liabilities	**435**	495
Notes payable – subsidiaries	**31,622**	36,122
Total long-term liabilities	**31,622**	36,122
Total liabilities	**32,057**	36,617
Share capital; CHF 5 par value, 2,145,693 shares issued (2007: 2,376,762 shares issued)	**10,728**	11,884
Legal reserves		
General reserve	**220,274**	214,411
Reserve for own shares	**—**	47,234
Retained earnings	**35,801**	31,823
Total stockholders' equity	**266,803**	305,352
Total liabilities and stockholders' equity	**298,860**	341,969

STATEMENT OF INCOME

(CHF 1,000)

Year ended December 31,	2008	2007
Income from investments in subsidiaries	**24,198**	31,300
Administrative expenses	**(1,825)**	(1,731)
Provision for treasury shares	**—**	(4,239)
Income from operations	**22,373**	25,330
Interest income	**213**	115
Interest expense	**(1,217)**	(407)
Foreign currency exchange loss	**(222)**	(272)
Other loss	**(1,226)**	(564)
Income before income taxes	**21,147**	24,766
Income tax expense	**(4)**	(10)
Net income	**21,143**	24,756

NOTE 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.

NOTE 2 – INVESTMENTS IN SUBSIDIARIES

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

Company	Currency	December 31, 2008	2007
INFICON Inc. Syracuse, USA		(in 1,000)	(in 1,000)
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. London, United Kingdom			
Share Capital	GBP	**400**	400
Ownership		**100%**	100%
Purpose: Sales			

* The Company was issued 100 shares of INFICON, Inc. which have a nominal value of USD 0.01 per share.
** Indirect participation

Company	Currency	December 31, 2008	2007
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 Service Centre Ltd. Guangzhou			
Share Capital	RMB	**9,837**	9,837
Ownership		**100%**	100%
Purpose: Service			
INFICON Instruments (Shanghai) Co., Ltd. Shanghai			
Share Capital	USD	**400**	400
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%**	100%
Purpose: Manufacturing, Sales and Service			

NOTE 3 – EQUITY

See footnotes to the consolidated financial statements for a description of the Company capital and the related stock plans.

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

The percentages are calculated using registered shares per December 31, 2008 and 2007 of 2,145,693 and 2,376,762 respectively.

December 31,	**2008**	2007
Chase Nominees Ltd.	**10.49%**	12.27%
Sterling Strategic Value Limited	**8.09%**	6.83%
Corisol Holding AG	**8.06%**	
UBS Fund Management (Schweiz) AG	**4.83%**	4.50%
Pictet Funds SA	**3.86%**	

There were no other stockholders entered in the share register holding more than 3 percent of the voting rights at December 31, 2008.

The Company was notified on April 24, 2008, that Polar Capital LLP held a shareholding of 3.20% in INFICON Holding AG and that this was reduced to 2.80% on February 24, 2009.

The Company was notified on December 10, 2007, that Schroeder Investment Management Ltd. held a shareholding of 4.21% of INFICON Holding AG and that this was reduced to 2.72% on February 12, 2009.

Additionally, the Company was notified on March 5, 2009, that Chase Nominees Ltd. reduced its shareholding to 9.81% of INFICON Holding AG

NOTE 4 – ISSUED, AUTHORIZED AND CONDITIONAL SHARE CAPITAL

Issued Share Capital / Share Capital Increase

During 2008, employees of INFICON exercised stock options which resulted in 4,518 new shares being issued and increased nominal share capital by CHF 22,590. The share premium thereon of CHF 453,545 has been credited to the general legal reserve. At December 31, 2008, the number of issued INFICON Holding AG shares amounted to 2,145,693 (2007: 2,376,762) 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 1,086,560 through the issuance of 217,312 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 2008, employee stock options were exercised resulting in an increase in share capital of 4,518 shares. The remaining available balance of conditional share capital at December 31, 2008 is CHF 1,063,970 (2006: CHF 1,086,560).

NOTE 5 – CANCELLATION OWN REGISTERED SHARES

On July 24, 2008, INFICON cancelled the 235,587 registered shares of INFICON Holding AG bought back under the share repurchase program ended on December 13, 2007 as agreed on April 24, 2008, at the Annual General Meeting of Shareholders.

The surplus arising on the cancellation of CHF 5,409,447 has been credited to the general legal reserve.

NOTE 6 – DISCLOSURE OF MANAGEMENT COMPENSATION

See the Consolidated Financial Statements for disclosure of Compensations for Acting members of Governing Bodies, Note 22.

NOTE 7 – CONTINGENT LIABILITIES

	December 31,	
In CHF 1,000	**2008**	2007
Guarantees in favor of affiliated companies	**13,086**	11,587

NOTE 8 – RISK ASSESSMENT DISCLOSURES REQUIRED BY SWISS LAW

See the Consolidated Financial Statements for Risk Assessment Disclosures, Note 22.

APPROPRIATION OF AVAILABLE EARNINGS

(Proposal of the Board of Directors)

In CHF 1,000	December 31, 2008	2007
Retained earnings at beginning of year	**31,823**	28,484
Transfer from general legal reserve	**—**	40,000
Dividend payment to shareholders	**(17,165)**	(14,183)
Reserve for own shares	**—**	(47,234)
Net income	**21,143**	24,756
Retained earnings	**35,801**	31,823
Gross dividend* (2008: CHF 6 / 2007: CHF 8 each share)	**(12,874)**	(19,014)
Balance to be carried forward	**22,927**	12,809

* Proposed dividend represents an estimated amount. This will be adjusted to take account of any new shares entitled to dividend which are issued subsequent to December 31 and prior to date of the dividend payment.

REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

As statutory auditors, we have audited the financial statements of INFICON Holding AG, which comprise the balance sheet, income statement and notes (pages 56 to 59) for the year ended December 31, 2008.

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, 2008 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

Stephen W Williams
Audit expert
Auditor in charge

Cornelia Ritz Bossicard
Audit expert

Zurich, March 12, 2009

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 2008. 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.

2008 Annual Report / Jahresbericht

INFICON Holding AG
Hintergasse 15B
CH-7310 Bad Ragaz
Switzerland

sensus Investor & Public Relations GmbH, Zürich, grafikvater, FO Print & Media AG, Switzerland