2011
ANNUAL REPORT

INFICON

COMPANY OVERVIEW

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

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

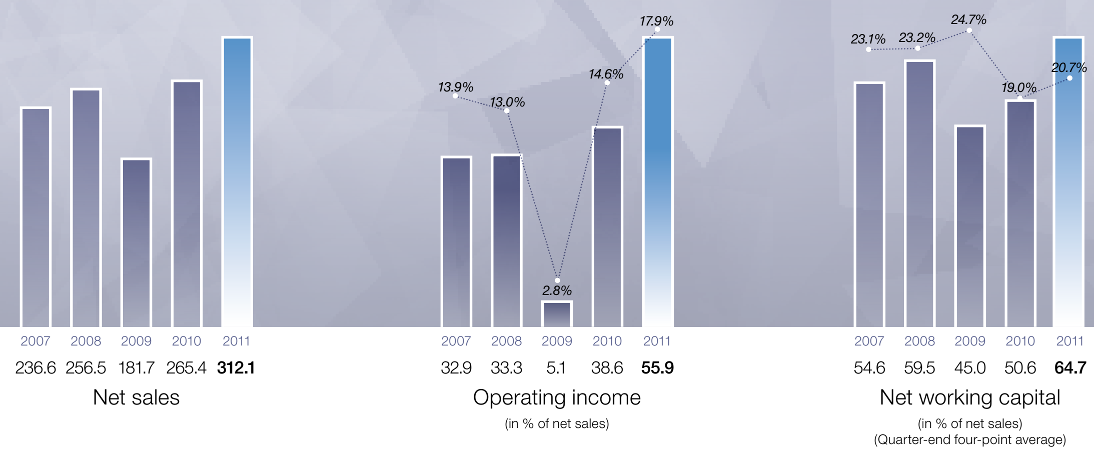
They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells, LED lighting, and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting, oil and gas transportation and processing, alternative energy, utilities, and many other industrial processes.

We also leverage our expertise to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring as well as instruments for energy and petrochemical applications.

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

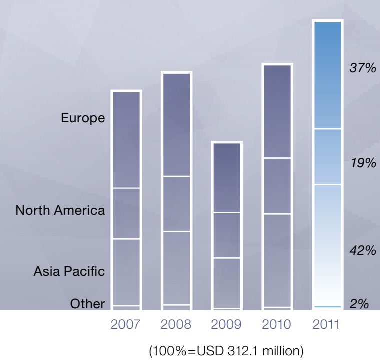
KEY FIGURES 5 YEARS



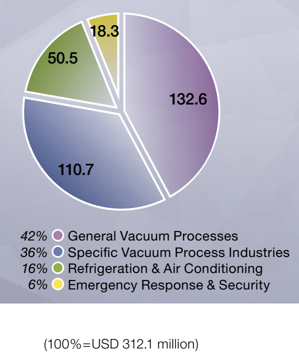
According to US GAAP
(US dollars in million,
except per share amounts)

	2007	2008	2009	2010	2011
Net sales	236.6	256.5	181.7	265.4	**312.1**
Research and development	20.3	22.2	20.0	23.2	**25.1**
Selling, general and administrative	57.0	60.1	50.7	63.3	**68.3**
Operating income	32.9	33.3	5.1	38.6	**55.9**
in % of net sales	*13.9%*	*13.0%*	*2.8%*	*14.6%*	***17.9%***
EBITDA	38.9	39.2	12.3	43.3	**61.3**
in % of net sales	*16.5%*	*15.3%*	*6.8%*	*16.3%*	***19.6%***
Net income	24.8	24.3	2.3	27.1	**43.7**
Cash and short-term investments	39.3	45.8	32.3	70.3	**91.1**
Cash flow from operations	30.2	31.3	11.6	50.3	**45.3**
Capital expenditures	5.7	6.0	8.7	3.6	**5.9**
Total assets	181.6	181.3	170.5	216.3	**246.8**
Long-term debt	—	—	—	—	**—**
Shareholders' equity	138.3	138.9	134.7	160.2	**176.1**
Equity ratio in %	*76.1%*	*76.6%*	*79.0%*	*74.0%*	***71.4%***
Employees	891	876	807	843	**909**

Cash flow from Operations



Direct Sales by Geographic Region



2011 Sales by End Market

	2007	2008	2009	2010	2011
Ratios per Share					
Net income per share – diluted	10.70	11.26	1.06	12.47	**19.85**
Shareholders' equity per share – diluted	59.70	64.32	62.67	73.78	**79.95**
Free cash flow per share – diluted	10.60	11.68	1.34	21.52	**17.92**
Return on equity %	*17.9%*	*17.5%*	*1.7%*	*16.9%*	***24.8%***
Dividend/Distribution per share (CHF)	8.00	6.00	4.00	10.00	**14.00***
Share price (CHF) at December 31,	182.50	87.80	117.5	179.5	**154.0**
Direct Sales by Geographic Region					
Europe	104.8	117.9	76.8	100.0	**116.2**
North America	54.0	54.9	49.2	59.0	**60.3**
Asia-Pacific	73.4	80.3	54.3	103.4	**132.2**
Other	4.4	3.4	1.4	3.0	**3.4**
Sales by End Market					
General Vacuum Processes	99.1	114.1	81.7	109.3	**132.6**
Specific Vacuum Process Industries	81.6	78.4	48.4	91.8	**110.7**
Refrigeration & Air Conditioning	38.6	36.1	29.1	42.3	**50.5**
Emergency Response & Security	17.3	27.9	22.5	22.0	**18.3**

* The proposed distribution is to be paid out from legal reserves.

TARGET MARKETS

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

RECENT MILESTONES AND ACHIEVEMENTS

INFICON was formed in June 2000 from the instrumentation businesses of three well-known international vacuum technology companies merged in 1996 under the Swiss company OC Oerlikon (formerly known as Unaxis). Our initial public offering was November 9, 2000, both on SIX Swiss Exchange and NASDAQ. In 2005, INFICON delisted its stock from NASDAQ. INFICON started to pay out dividends in 2006.

	2007	2008	2009	2010	2011
CORPORATE	– CHF 6.00 dividend payment per share – 10% share repurchase program completed	– CHF 8.00 dividend payment per share – Reduction of share capital following share buyback	– CHF 6.00 dividend payment per share	– CHF 4.00 dividend payment per share for 2009	– CHF 10.00 distribution per share for 2010 from legal reserves from capital contributions – CHF 14.00 proposed distribution per share for 2011 from legal reserves from capital contributions
ACQUISITIONS	– Maxtek Inc. – Sigma Instruments Inc.		– Verionix Inc.	– Micro GC product line from Agilent Technologies Inc. – Cumulative Helium Leak detection (CHLD) technology from Pernicka Corporation	– Hydrogen leak detection specialist Adixen Scandinavia AB from Pfeiffer Vacuum – Assets of VOC detection specialist Photovac Inc.
TECHNOLOGY LEADERSHIP	– Sky digital high-temp vacuum gauge for semiconductor manufacturing – FabGuard FDC for fab-wide semiconductor process improvements – Sion Plasma Arc Detector for semiconductor manufacturing – Compass Refrigerant Leak Detector for after-market service	– HAPSITE ER for on-site chemical identification and analysis – FabGuard 8.0 for semiconductor manufacturing – Guardian Deposition Controller for thin film solar panel manufacturing – Transpector XPR3L for solar cell and process yield optimization	– T-Guard Leak Detection Sensor for refrigeration and air conditioning markets	– T-Guard was awarded an R&D 100 Award as well as a 2010 Good Design Award – CMS 5000 Water and Air Quality Monitoring – IC 6 Thin Film Deposition Controller – PCG Pirani Capacitance Diaphragm Gauge product family	– Quantus LP100 for real-time contamination and endpoint detection for critical process environments – Cygnus 2 Thin Film Depositon Controller with unique features designed for OLED processes – Pernicka 700H leak detector combining mass spectrometer expertise with cryogenic ultra-high vacuum – Sensistor Hydrogen leak detector family – Photovac ComboPro 2020, an intrinsically safe, versatile VOC Photoionization Detector

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

INFICON has become a truly global company. We have manufacturing facilities on three continents and subsidiaries in sixteen countries. As our business becomes more global, our employee base is changing, too. Around 900 committed and highly trained employees with different backgrounds and nationalities provide world-class quality and market leadership in all our key markets, and they set high standards in everything they do. This is reflected in our commitment to environmentally sustainable business practices and meeting high ethical and legal standards. Underpinned by a strong organizational structure, clear strategic goals and a flexible business model, we delivered a strong financial year 2011 with record sales and earnings despite the slowdown in the fourth quarter, due to resurfacing macro-economic doubts. INFICON closed the year with 17.6% higher sales of USD 312.1 million and a 61.5% higher net income of USD 43.7 million. Building on our strengths, our company is paving the way toward achieving attractive results going forward.

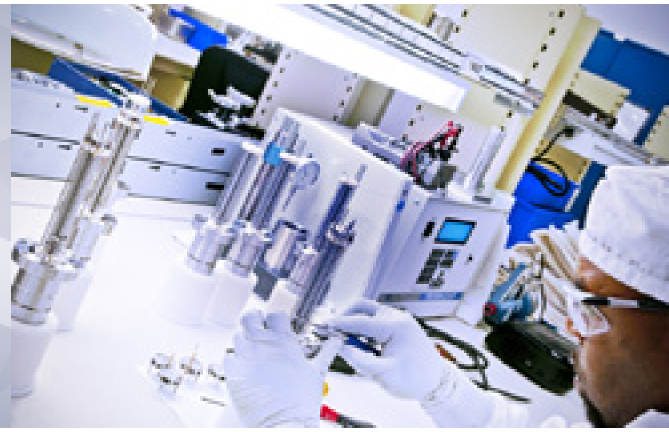
INFICON's flexible business model and market leadership in its target markets resulted in excellent growth in 2011. With revenues of USD 312.1 million, an operating income of USD 55.9 million and net income of USD 43.7 million, INFICON posts new all-time record sales and earnings for 2011. With a sales increase of 17.6% year over year and an earnings improvement of 61.5%, the growth was substantially stronger than initially expected. The strength of our business model underpins our ability to deliver strong results. We serve a broad variety of end markets and benefit from a multi-industry and global market focus. New products designed for best cost effectiveness, targeting the newest customer requirements are increasing our margins and open new business for INFICON. During the year under review, we again expanded our industry reach and successfully entered into new end market applications with both organic growth based on our innovation and strategic add-on acquisitions.

COMPLEMENTARY PRODUCT OFFERING AND NEW MARKETS

INFICON has made important inroads into new industries in 2011. We saw rising sales volumes of the micro gas chromatography product line acquired in 2010 from Agilent Technologies. The Micro GC products enhance the spectrum of environmental sensors and allow INFICON to address new industries including the petrochemical and mining industries, chemical processing and natural gas transmission applications. The technology is also widely used in emerging growth industries such as environmental monitoring, fuel cell and bio-fuel research and production. The Micro GC devices are manufactured at our production plant in Shanghai, China.

INFICON Vacuum Gauges employ the most advanced technologies available to provide accurate, repeatable and reliable measurements from the low to high vacuum range. ›

Our employees' commitment to quality and customer support gives INFICON a competitive edge in today's demanding marketplace. »



Another important addition to our technology portfolio was the acquisition of Adixen Scandinavia AB from Pfeiffer Vacuum in August 2011. This Swedish company is a global leader in leak detection using hydrogen as a testing gas. This technology is widely used to detect leaks in applications with potentially higher leak rates and thus perfectly complements INFICON's other leak detection devices which target lower leak rates. With our additional competence of hydrogen leak detection, INFICON has opened up opportunities into new industries including public utilities, automotive and fuel cell technology. In 2011, we have already launched an INFICON branded hydrogen leak detector developed at the new subsidiary in Sweden.

The acquisition of the assets of Photovac Inc., a US-based developer of VOC (Volatile Organic Compounds) detectors, further complemented our product and technology base in our Emergency Response & Security markets. The acquired product range includes handheld, portable and rack mounted instruments based on Photoionization Detection, Flame Ionization Detection and Gas Chromatography technology. Many of these products are intrinsically safe – an important product feature in many of the more recently targeted industries. The new products provide identification and quantification of potentially hazardous VOCs on-site, giving emergency and environmental response teams the information they need to make quick, accurate decisions about potentially dangerous situations and working environments.

As the result of an additional smaller technology add-on concluded at the very end of 2010, INFICON now also offers a unique solution to accurately test the integrity of hermetically sealed parts, including medical implants, electronic hybrid circuits and components for satellites. The Cumulative Helium Leak Detector Pernicka 700H combines mass spectrometer expertise with cryogenic ultra-high vacuum. This technique can be applied to any hermetically sealed device which contains a gas such as Nitrogen, Helium, Argon, Krypton, Xenon, etc. or can be "bombed" with Helium.

These acquisitions have again expanded INFICON's scope of core technologies and our global industry reach.

SUCCESSFUL PRODUCT LAUNCHES

Innovation remains key to our success and INFICON continues to invest in research and development. During the year under review, we have successfully launched innovative products which provide answers to specific industry needs. Cygnus 2 Thin Film Deposition Controller provides exceptional value by combining the proven performance of INFICON thin film controllers with additional unique features designed for OLED processes, while the IC6 Thin Film Deposition Controller targets the general coating and thin film deposition market. Our Quantus LP100 is another new product launched in 2011. This gas analyzer instantly reacts to small changes in sensitive semiconductor process environments so that scrap is minimized and yields are improved. It provides real-time contamination and endpoint detection for critical process environments. Many processes are sensitive to trace amounts of contamination and as technological advances push processes to their limits, controlling contamination has become even more critical.

The 3000 Micro GC Gas Analyzer provides fast, accurate, reliable, on-site analysis of gas samples in a variety of alternative energy and petrochemical applications. ›

Sensistor ISH2000 Hydrogen Leak Detector complements our industry-leading products for industrial leak detection and leak testing. »

STRONG OVERALL SALES GROWTH

The world economy continued to recover fast during the first half of the year. INFICON saw an excellent start into the year driven by high demand levels in the Specific Vacuum Process Industries and from Asian customers in the Refrigeration & Air Conditioning market. Ongoing process optimizations and special efforts made to eliminate bottlenecks in procurement helped reduce the order backlog significantly during the first quarter and align the internal organization to the high level of demand. The sales volume rose by 36.1% in the first quarter, and by 34.9% in the second quarter. Still showing a strong 14.8% increase over the prior year period, the third quarter did not fully reach the record high levels of the preceding periods. Fourth quarter sales were both below the preceding (–10.8%) and the respective prior year quarter (–8.3%) levels, mostly due to lower activity in the Specific Vacuum Process Industries. In fact, during the course of the year, the main sales driver shifted from the Specific Vacuum Process Industries to the broader industry mix served in our General Vacuum Applications markets world-wide, while Refrigeration & Air Conditioning showed a strong performance throughout the year. INFICON's smallest target market, Emergency Response & Security, was the last to broadly recover from the economic crisis. The tight budget conditions in many countries impeded a more rapid recovery in this long-term very attractive market. Towards year-end, we recorded encouraging signs of demand in this market. The significantly broadened technology and product offering will help to mitigate the dependence on large public sector customers in this target market area.

INFICON closed the year with 17.6% higher sales compared with the prior year's figure. 1.9 percentage points thereof were attributable to acquisitions, 6.4 percentage points to foreign exchange rate effects, while organic growth accounted for 9.2 percentage points.

GENERAL VACUUM PROCESSES MARKET

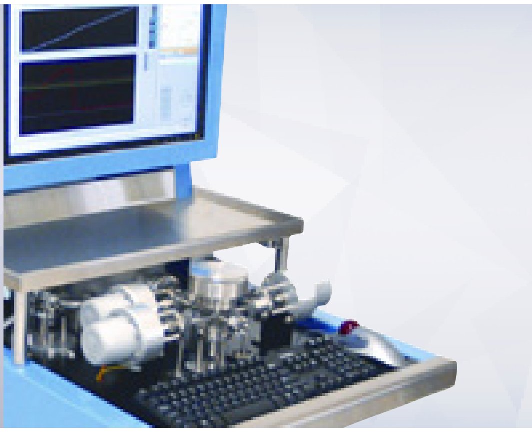
INFICON's broadest end market, General Vacuum applications, is both served through the large vacuum pump manufacturers with private-label products and directly for a growing number of industries. Over the course of 2011, this global market developed encouragingly with solid double digit growth rates in the first three quarters, reflecting the economic recovery in most world areas. After a slower fourth quarter, INFICON recorded a strong 21.3% sales increase to USD 132.6 million versus last year.

SPECIFIC VACUUM PROCESSES INDUSTRIES

The specific vacuum industries continued the recovery that had already started in 2010 with an extraordinary increase of over 70% in the first three months of the year. From the second quarter on, the semiconductor equipment manufacturers started to adopt a more cautious investment policy which decelerated the momentum in this market from quarter to quarter. The solid demand for consumer electronics with a wealth of flat panel display applications and growth in the solar energy and LED and OLED lighting markets offset some of that cyclical decline, but could not prevent a negative sales trend in the fourth quarter. By year end, INFICON posted solid growth over the prior year of 20.6% and delivered an impressive sales level of USD 110.7 million.

For continuous, unattended monitoring of air or water, customers rely on the CMS5000 monitoring system. ›

The Pernicka 700H cumulative Helium Leak Detector provides fast, cost-effective confirmation of hermetically sealed devices. »



REFRIGERATION & AIR CONDITIONING

The demand for refrigeration and air conditioning devices is strongly underpinned by the emerging economies, most notably in Asia, where we continue to occupy a number one position. INFICON generated a good share of the sales increase in this market with quality control and testing equipment shipped to Asia and China in particular. In the traditional markets of North America and Europe, demand developed stably both from the RAC manufacturers and in the after sales maintenance markets. Sales were also supported by solid demand from the automotive industries in Europe, America and Asia. Sales in this target market were also slightly in decline for the last quarter, but ended the year with an overall increase of 19.4% at annual sales of USD 50.5 million.

EMERGENCY RESPONSE & SECURITY

Largely influenced by public budget constraints and therefore by a lower demand from government agencies, INFICON's smallest end market only started to show sales increases towards year-end when we benefitted from year-end budget expenditures. Nevertheless, INFICON is confident that this market will see growth again in mid-term both driven by military as well as the increasing civil use for environmental applications. We have accordingly continued to invest in our technology base with add-on acquisitions which will help us to better balance the demand pattern in the future. By year-end, INFICON posted sales of USD 18.3 million, still in decline by –16.8% over the prior year level.

GLOBAL COMMITMENT

A look at the organizational chart shows that INFICON is a truly global organization today. We have state of the art production sites in Europe, America and Asia. Ongoing investments into our capabilities and process improvements across the globe are helping us expand our market position and pursue our vision to "provide world-class instruments for gas analysis, measurement and control." In this context, INFICON offers exciting, demanding and rewarding employment opportunities. We consider our employees our most valuable asset and are committed to invest into their key competencies. INFICON supports employees to build on their achievements and encourages them to actively participate in the creation of a stronger and more successful company. Based on a variety of market data and the daily interaction with our customers, we aim to gain an in-depth understanding of our customers and markets. With this knowledge, we have established a sound, well-structured bottom-up strategy approach which is deeply anchored within the organization and its culture.

INFICON adheres to high standards of corporate, social and environmental business ethics. All our main worksites are certified according to ISO 14001 standards, and INFICON is committed to do business in a sustainable way. In this Annual Report, we provide further information on our sustainability efforts in a separate chapter.

INFICON Quartz Crystals are the unrivaled market leader for accurate thin film rate and thickness monitoring in demanding modern processes. ›

Our Thin Film Deposition Controllers address the demanding requirements in the complex fabrication of semiconductors, optics and OLED/LCD. ››

STRONG EARNINGS GROWTH AND ONGOING SOLID BALANCE SHEET

While sales increased by 17.6% to USD 312.1 million during the year under review, operating income rose by 44.7% to USD 55.9 million. As a percentage of sales, this represents a margin improvement from 14.6% for 2010 to 17.9% for 2011. Cost of sales developed slightly underproportionally to sales and the gross margin increased to 47.8% after 47.1% a year ago. INFICON kept costs under control and selling, general, and administrative costs decreased as a percentage of net sales and thus contributed to a strengthened bottom line.

The Swiss franc exchange rate development was a much debated issue during the reporting year. While INFICON also felt the effects of the strong Swiss franc, the general negative currency impact remained limited due to the natural hedge situation provided by our regional presence and our sales and cost structure. The US dollar and the Euro are both our main sales currencies and at the same time also our prime cost denominations.

With higher other income – mainly stemming from a contingent consideration re-evaluation related to a previous acquisition – and a moderate increase of the provisions for income taxes due to lower tax rates for the period, INFICON closed the year with a net income of USD 43.7 million or 14.0% of sales. This represents an increase of 61.5%.

The cash flow from operating activities remained strong with USD 45.3 million for the period under review. INFICON closed the year with cash and cash equivalents of USD 88.7 million and a net cash position (cash minus short-term borrowings) of USD 73.6 million. The balance sheet continues to be very strong as evidenced by an equity ratio of 71.4%.

NEW REPORTING STANDARD SWISS GAAP FER

In October 2011, INFICON announced plans to change its financial reporting from US GAAP to Swiss GAAP FER. The accounting standards IFRS and US GAAP are widely believed to converge significantly over the coming years. The resulting changes, including increasingly elaborate and complex regulatory details, audit provisions, and the high internal and external costs that go along with these standards are making them less and less suitable for small and medium-sized companies. The reporting standard Swiss GAAP FER allows INFICON to continue to present its financial figures in a fully transparent true and fair manner, while containing the efforts in preparing them. Swiss GAAP FER is fully accepted as a reporting standard for companies listed in the Domestic Standard at SIX Swiss Exchange. INFICON therefore requested to migrate the trading of its registered shares from SIX's main standard to the Domestic Standard effective January 3, 2012. We remain committed to full transparency and will continue to disclose the same level of information as before on a quarterly basis.

INFICON leak detectors bring increased levels of productivity and reliability to the sub-assembly and mid-production testing of refrigerators, freezers, air conditioners, automotive air conditioners, RAC components and similar products.

OUTLOOK

Board and Management look ahead with confidence. INFICON benefits from its broad technology base, its strong global market presence and leading market positions ranking among the top three suppliers in all targeted industries. This will be supported by a high number of new product launches in 2012. Keeping a clear focus on our long-term strategy and managing our daily business flexibly according to cyclical market demand are important success factors in difficult economic times. Targeting more industries makes INFICON less vulnerable to individual economic impacts. While we are somewhat cautious for the Specific Vacuum Process Industries – the most volatile market – and based on the assumption that Europe can overcome the far-reaching challenges it currently faces, we expect more stable or even solid developments in the other target markets.

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

COMMITTED TO SHAREHOLDER VALUE

Since last year around 60 people have joined INFICON, bringing our global staff to over 900. We would like to take this opportunity to welcome our new colleagues. All our employees have made important contributions to our success in 2011. Board and Management fully acknowledge and appreciate their commitment and loyalty. By the same token, we would like to thank all our customers, suppliers and business partners for their continued trust and support.

2011 was a very successful year for INFICON. We have again improved our financial performance, generated strong cash flow and closed the year with a strong balance sheet. Again, we would like to share this success with our shareholders. The Board of Directors thus proposes to pay out a distribution from reserves from capital contributions of CHF 14 per registered share. We also would like to thank our dear Shareholders for your investment and your loyalty to INFICON. Let us take this opportunity to assure you that everyone at INFICON will continue to do his or her best. Thank you.

Yours sincerely.

Gustav Wirz
Chairman of the Board of Directors

Lukas Winkler
President and Chief Executive Officer

COMPANY CAPITAL	The share capital of INFICON Holding AG consists of 2,194,855 registered shares with a nominal value of CHF 5.00 each.
STOCK MARKET TRADING	The registered shares are listed on SIX Swiss Exchange under – the SIX Security Number 1102994 – ISIN CH0011029946 – the symbol IFCN
IMPORTANT DATES* * Subject to change	April 19, 2012 First quarter results April 26, 2012 Annual General Meeting of Shareholders August 9, 2012 Second quarter results October 18, 2012 Third quarter results March 2013 Fourth quarter / Year-end results 2012
INTERNET/E-MAIL ALERTS	E-mail alerts: The latest financial information from INFICON can automatically be sent via E-mail alert; sign up is available in the Investors section of the INFICON website www.inficon.com

	2007	2008	2009	2010	2011
Key figures per share (CHF)					
Price at year end	182.50	87.80	117.50	179.50	**154.00**
Highest price	231.50	184.50	134.20	186.80	**208.50**
Date	*Jul. 19*	*Jun. 3*	*Oct. 23*	*Dec. 7*	***May 4***
Lowest price	175.00	80.05	68.00	119.80	**120.00**
Date	*Dec. 25*	*Dec. 19*	*Mar. 10*	*Jan. 4*	***Aug. 8***
Earnings per share	10.70	11.26	1.06	12.47	**19.85**
Equity per share	59.70	64.32	62.67	73.78	**79.95**
Dividend/Distribution per share	8.00	6.00	4.00	10.00	**14.00***

* The proposed distribution is to be paid out from legal reserves.

GLOBAL PRESENCE

19% Sales in North America
327 Employees in North America

37% Sales in Europe
399 Employees in Europe

42% Sales in Asia-Pacific
183 Employees in Asia-Pacific

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

- 1 **INFICON AG**
  Balzers, Liechtenstein
- 2 **INFICON Inc.**
  Syracuse, NY, USA
  - 3 **INFICON EDC Inc.**
    Overland Park, KS, USA
- 2 **INFICON GmbH**
  Bad Ragaz, Switzerland
  - 4 **INFICON GmbH**
    Cologne, Germany
  - 5 **INFICON Aaland Ab.**
    Mariehamn, Finland
- 1 **INFICON S.A.R.L.**
  Courtaboeuf, France
- 2 **INFICON Ltd.**
  Blackburn, United Kingdom
- 3 **INFICON Pte. Ltd.**
  Singapore
  - 10 **INFICON India Pvt. Ltd.**
    Pune, India
    (Founded Jan 19, 2012)
- 4 **INFICON Ltd.**
  Chubei City, Taiwan
- 5 **INFICON Ltd.**
  Hong Kong
- 6 **INFICON (Guangzhou) Instruments Co., Ltd.**
  Guangzhou, China
- 7 **INFICON Ltd.**
  Bungdang, Korea
- 8 **INFICON Co., Ltd.**
  Yokohama-Shi, Japan
- 6 **INFICON Instruments Shanghai Co. Ltd.**
  Shanghai, China
- 7 **INFICON AB**
  Linköping, Sweden
- 9 **INFICON S.r.l.**
  Bozen, Italy

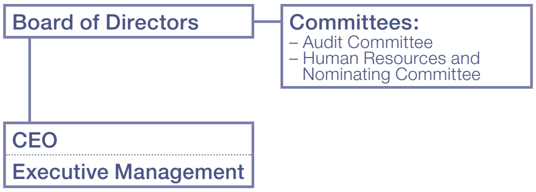
Group Administration/Management
Manufacturing
Sales entities and offices

GROUP ORGANIZATION

(per March 2, 2012)

Board of Directors, CEO and CFO

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



Board of Directors	Gustav Wirz Paul Otth Dr. Richard Fischer Beat Siegrist Dr. Thomas Staehelin	Chairman Vice Chairman Member Member Member	Bottighofen, Switzerland Zürich, Switzerland Rankweil, Austria Herrliberg, Switzerland Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin Paul Otth Beat Siegrist	Chairman	
Human Resources and Nominating Committee	Dr. Richard Fischer Beat Siegrist Dr. Thomas Staehelin	Chairman	
Executive Management	Lukas Winkler Matthias Tröndle Peter Maier Dr. Ulrich Döbler Dr. Urs Wälchli	President and Chief Executive Officer Vice President and Chief Financial Officer Vice President and General Manager, Intelligent Sensor Solutions Vice President and General Manager, Leak Detection Tools Vice President and General Manager, Vacuum Control Products	
Investor Relations	Matthias Tröndle, Vice President and CFO INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland CEO/CFO Office at INFICON AG, Alte Landstrasse 6, FL-9496 Balzers, Liechtenstein Tel. +423 388 3512 Fax +423 388 3890 E-mail: matthias.troendle@inficon.com		
Board and Executive Secretary	Elisabeth Kühne, General Secretary to the Board of Directors INFICON, Alte Landstrasse 6, FL-9496 Balzers, Liechtenstein Tel: +423.388.3510 Fax: +423.388.3850 E-mail: elisabeth.kuehne@inficon.com		

INTRODUCTION

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

Corporate governance of INFICON Holding AG complies with the principles and recommendations of the "Corporate Governance – Swiss Code of Best Practice" dated October 29, 2008. The principles and rules of INFICON Holding AG on corporate governance are laid down in the Articles of Incorporation, Organizational Regulations and the Regulations of the board committees of INFICON Holding AG.

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

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

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Operational Group Structure
See page 14.

INFICON Holding AG is the parent company of the INFICON group which operates from 16 countries and consists of a parent company, 7 manufacturing companies, 10 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 13.

Listed Corporation: INFICON Holding AG
INFICON Holding AG is based in Bad Ragaz, Switzerland. It has share capital of TCHF 10,974 made up of 2,194,855 shares with a nominal value of CHF 5 each. Registered shares are listed on the SIX Swiss Exchange under security number 1102994, ISIN CH0011029946 and symbol IFCN.

December 30, 2011, was the last trading day for registered shares of INFICON Holding AG on the Main Standard. Since January 3, 2012, the registered shares of INFICON Holding AG are traded on SIX Swiss Exchange's Domestic Standard.

Market capitalization at December 31, 2011 was TCHF 338,008 based on shares outstanding.

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

1.2 SIGNIFICANT SHAREHOLDERS

Shareholder Structure
Based on number of registered shareholders as of December 31, 2011.

Number of shares	Number of shareholders
> 50,000	5
10,000–50,000	13
1–9,999	1,360
Total	1,378

Shareholders by Country
Based upon number of registered shareholders as of December 31, 2011.

Country	Number of shareholders
Switzerland	1,183
Germany	71
United States of America	44
Liechtenstein	21
Rest of Europe	46
Rest of World	13
Total	1,378

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

1.3 CROSS-SHAREHOLDINGS

INFICON Holding AG has no cross-shareholdings.

2 CAPITAL STRUCTURE

2.1 CAPITAL (ISSUED, AUTHORIZED & CONDITIONAL)

Registered shares of CHF 5 each at December 31, 2011:

Issued share capital	2,194,855	TCHF 10,974
Conditional share capital	163,632	TCHF 818

The issued share capital comprises 2,194,855 registered shares of CHF 5 each. Each share entitles the registered owner to one vote at the general meeting of shareholders, as well as a share of dividends, if any, declared by the Company and proceeds from liquidation, corresponding to its nominal value as a percentage of the total nominal value of issued share capital.

2.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

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

The Articles of Incorporation provide for a conditional capital (according to Art. 653 of the Swiss Code of Obligations) of a maximum of TCHF 1,042 through the issuance of 208,431 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company.
As of December 31, 2011, a total of 20,012 (2010: 24,787) options have been exercised reducing the available conditional shares to 163,632 and the conditional share capital to TCHF 818.

2.3 CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity are presented in the consolidated statements of shareholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2011 and 2010. For the year ended 2009, please refer to the 2009 Annual Report.

2.4 SHARES

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

2.5 PROFIT SHARING CERTIFICATES

The Company currently has no profit sharing certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

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

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

In conjunction with the employee and director stock option programs, current and former employees as well as current and former members of the Board of Directors held as of December 31, 2011 a total of 157,870 options. These options entitle holders to acquire a total of 157,870 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 789. For a more detailed discussion of stock option plans, please see Notes to Consolidated Financial Statements, Note 12, "Stock Option Plans".

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

3 BOARD OF DIRECTORS

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

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

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

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

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

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

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

Dr. Thomas Staehelin, Chairman
Paul Otth
Beat Siegrist

The responsibilities of the Audit Committee include:

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

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

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

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

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

- Meetings with audit firm
- Meetings with senior management and CFO
- Meetings with shareholders

Number of meetings and conference calls in 2011:

	Board of Directors	Audit Committee	Human Resources and Nominating Committee
Number of meetings in 2011	4	3	4
Approx. average duration of meetings (in hours)	5.4	1.9	2.6
Richard Fischer	4	3	4
Paul Otth	4	3	4
Beat Siegrist	4	3	4
Thomas Staehelin	4	3	4
Gustav Wirz	4	3	4
PricewaterhouseCoopers personally	0	1	0
PricewaterhouseCoopers calling in		2	
Number of conference calls 2011		3	
Approx. average duration of conference calls (in hours)		1.4	
Richard Fischer		3	
Paul Otth		3	
Beat Siegrist		3	
Thomas Staehelin		2	
Gustav Wirz		3	
PricewaterhouseCoopers		3	

The meetings took place in Balzers, Syracuse and Cologne.

The Company's Board of Directors is composed of:

GUSTAV WIRZ, Citizen of Switzerland, 1945
Chairman of the Board of Directors

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

Executive Experience
1970–1974 Kulicke & Soffa (Semiconductor Equipment Manufacturer), Head of R&D, Division manager Clean Room Equipment
1974–1979 Seier AG, Switzerland, Semiconductor Assembly Equipment, Managing Director
1979–1999 Alphasem AG (Automatic Die Attach Systems) Founder, Owner and Managing Director
1999 Sold his shares of Alphasem AG (by then one of the worldwide leading companies of Automatic Die Attach Systems) to Dover Corporation
1999–2002 Alphasem AG, President

Previous Board Mandates
1979–1999 Alphasem AG (CH), Chairman
1999–2004 Alphasem AG (CH), Member
1987–1998 SEMI board, the worldwide Industry Association of the Semiconductor Equipment and Materials Industry (first non-US Director)
2004–2007 Exalos AG (CH), Chairman from 2005–2007
2003–2007 NetInvest Holding AG (CH), Member
2003–2009 QCSolutions Inc. (USA), Member
2007–2009 Tec-Sem Group AG (CH), Chairman

Current Board Mandates
Since 2002 The Council of Technical Colleges of Eastern Switzerland, Member
Since 2002 Best-Immo-Invest AG (CH), Chairman
Since 2004 INFICON Holding AG (CH), Chairman since 2005
Since 2008 Best-Immo-Service AG (CH), Member

PAUL E. OTTH, Citizen of Switzerland, 1943
Vice Chairman of the Board of Directors,
Member of Audit Committee

Educational Background
1972 Swiss Certified Public Accountant

Executive Experience
1962–1965 Elektrodenfabrik Oerlikon Bührle, Financial and Cost Accounting
1965–1967 Zürcher Kantonalbank, Traditional Banking and Internal Audit
1968–1974 Neutra Treuhand, Consulting and Auditing
1974–1988 Corange Group (Boehringer Mannheim): 1974–1977 and 1980–1982 International Division, Head of Organization, Consulting, Internal Audit
1978–1979 Boehringer Mannheim France, Co-General Manager, Finance and Administration
1982–1988 Corange Group, Head of Corporate Controlling and Holding Treasurer
1988–1989 Budliger Treuhand, Partner
1989–1996 Landis & Gyr
1989–1994 Division Building Control, Head of Finance and Controlling
1994 Landis & Gyr Europe, Head of Finance and Controlling and Informatics
1994–1996 CFO and member of the Group Executive Board
1996–1998 Elektrowatt Group, CFO and member of the Group Executive Board
1998–2000 Siemens Building Technologies, CFO and member of the Group Executive Board
2000–2002 Unaxis, CFO and member of the Group Executive Board

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

Current Board Memberships

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

RICHARD FISCHER, Citizen of Austria, 1955

Director, Chairman of Human Resources and Nominating Committee

Educational Background

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

Executive Experience

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

Previous Board Mandates

2008–2009	Netservice AG, Chairman
1990–2011	ARS GmbH, Member

Current Board Mandates

Since 1997	VAT Holding AG, Switzerland, Chairman
Since 2003	INFICON Holding AG, Member

THOMAS STAEHELIN, Citizen of Switzerland, 1947

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

Educational Background

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

Professional Experience

1973	Swiss Bank Corporation, London
1974	SG Warburg & Co., Ltd., London (Portfolio Management, Corporate Finance)
1975–today	FROMER Advokatur und Notariat, 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, Chairman since 2010
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

BEAT SIEGRIST, Citizen of Switzerland, 1960

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

Educational Background

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

Executive Experience

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

Current Board Mandates

Since 1996	SSM Schärer Schweiter Mettler AG (CH), Chairman
Since 2000	Satisloh Holding AG (CH), Member
Since 2002	Ismeca Semiconductor Holding SA (CH), Chairman
Since 2003	Phoenix Mecano AG (CH), Member
Since 2008	Schweiter Technologies AG (CH), Chairman since 2011
Since 2010	INFICON Holding AG, Member

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

For further information refer to Note 3.1.

3.3 ELECTIONS AND TERMS OF OFFICE

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

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

Board of Directors	Date First Elected	Term Expires
Richard Fischer	May 2003	May 2012
Paul Otth	November 2000	May 2012
Beat Siegrist	May 2010	May 2012
Thomas Staehelin	May 2001	May 2012
Gustav Wirz	May 2004	May 2012

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

Refer to page 14.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

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

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

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

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

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

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

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

4 SENIOR MANAGEMENT

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

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

LUKAS WINKLER, Citizen of Switzerland, 1962

President and Chief Executive Officer (since January 2004)

Educational Background

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

Executive Experience

1987–1989	General Motors Europe AG, Switzerland, Engineer
1989–1991	Maschinenfabrik Rieter AG, Switzerland, Project-Manager
1991–1992	Maschinenfabrik Rieter AG, Switzerland, Department Head
1993–1994	UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Logistics
1995–1996	UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Production
1996–2003	Balzers and Leybold Instrumentation and INFICON AG, Liechtenstein, Vice President and General Manager (member of the Executive Team)
2004–today	INFICON Holding AG, Bad Ragaz, Chief Executive Officer

MATTHIAS TRÖNDLE, Citizen of Germany, 1960

Vice President and Chief Financial Officer (since September 2008)

Educational Background

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

Executive Experience

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

PETER MAIER, Citizen of Germany, 1962

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

Educational Background

1984–1990	University of Karlsruhe, Master Degree in Business Administration and Engineering with specialization in Operations Research (Dipl. Wirtsch. Ing.)

Executive Experience

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

ULRICH DÖBLER, Citizen of Germany, 1955

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

Educational Background

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

Executive Experience

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

URS WÄLCHLI, Citizen of Switzerland, 1961

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

Educational Background

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

Executive Experience

1993–1994	Balzers AG, Liechtenstein, R&D Physicist, Project Manager
1995–1996	Balzers AG, Liechtenstein, R&D Manager of Product Group Leak Detector
1996–2000	Balzers and Leybold Instrumentation, Liechtenstein, R&D Manager Division Vacuum Measurement
2000–2003	INFICON AG, Liechtenstein, R&D Manager
2004–today	INFICON AG, Liechtenstein, General Manager of Business Unit Vacuum Control Products

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

Refer to Note 4.1 for any activities and vested interests.

4.3 MANAGEMENT CONTRACTS

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

5 COMPENSATION, SHAREHOLDINGS AND LOANS

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

6 SHAREHOLDER PARTICIPATION

6.1 VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS

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

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

6.2 STATUTORY QUORUMS

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

6.3 GENERAL MEETINGS OF SHAREHOLDERS

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

6.4 AGENDA

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

6.5 ENTRIES INTO THE SHARE REGISTER

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

7 CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

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

7.2 CLAUSES ON CHANGES OF CONTROL

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

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

8 AUDITORS

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

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

8.2 AUDITING FEES

Audit fees for the 2011 audit were approximately TUSD 510 (TCHF 479).

8.3 ADDITIONAL FEES

Fees paid for non-audit services, consisting of tax services, rendered during 2011 were approximately TUSD 200 (TCHF 188).

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 three competing firms of independent accountants for the 2002 reporting year.

Each year the Audit Committee reviews and discusses the scope of the proposed audit work and the timely quarterly reviews, and evaluates the performance and fees of the auditors. Periodically the lead auditor participates in the Audit Committee meetings. In 2011 the audit firm attended three conference calls, two meetings calling in and one meeting in person (see Frequency of meetings of the Board of Directors and its Committees).

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

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

9 INFORMATION POLICY

INFICON Holding AG pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately as ad hoc announcements, in accordance with the obligation to publish on the SIX Swiss Exchange. Annual financial reports are issued for the benefit of shareholders and potential investors in March following the year end closing. Income statements and balance sheets are prepared on a quarterly basis. A 2011 half-year report was published in August 2011. Information available for investors can be found at www.inficon.com.

INTRODUCTION

This report describes the principles of remuneration at INFICON. Unless otherwise indicated, all information refers to the financial year 2011 closed on December 31, 2011. This report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by economiesuisse and complies with Chapter 5 of the Appendix to the SIX Guidelines concerning information on corporate governance and the requirements regarding transparency as defined in Art 663b bis and Art 663c of the Swiss Code of Obligations.

1 REMUNERATION POLICY

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

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

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

2 COMPENSATIONS FOR ACTING MEMBERS OF GOVERNING BODIES

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

3 BOARD OF DIRECTORS COMPENSATION

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

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

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

Stock options have a duration of seven years. They are exercisable one year after allocation. The exercise price equals the quoted market price on the day of the option allotment. The allotment occurs five working days after the Ordinary Annual General Meeting. The amount of stock options decreased from 3,150 in 2010 to 3,050 in 2011.

Neither attendance fees nor flat rate expenses are paid.

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

4 COMPENSATION FOR FORMER BOARD OF DIRECTORS MEMBERS

No compensations were paid.

5 COMPENSATION TO MEMBERS OF THE SENIOR MANAGEMENT

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

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

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

The base compensation of the Senior Management members did change over the previous year. Variable compensation has been adjusted according to the economic performance and the individual performance objectives.

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

6 SEVERANCE COMPENSATIONS

No severance payments have been contractually defined for members of the Board of Directors or the Senior Management. For the financial year 2011 no severance compensations were paid.

7 LOANS TO GOVERNING BODIES

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

8 EMPLOYMENT CONTRACTS

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

9 SHARE OWNERSHIP OF GOVERNING BODIES

The members of the Senior Management held together on December 31, 2011 directly and indirectly a total of 0.32% bearer shares or 0.32% of the voting rights of INFICON. The members of the Board of Directors held together on December 31, 2011 directly and indirectly a total of 2.43% bearer or 2.43% of the voting rights in INFICON.

ENVIRONMENTAL PROTECTION, SAFETY AND PRODUCT STEWARDSHIP

1 GENERAL

Environmental protection, safety and product stewardship have long been key priorities at INFICON. The first manufacturing facility already met ISO 14001 standards as early as 1998. The ISO 14001 standard is used by organizations for designing and implementing an effective and efficient environmental management system. The aim and focus of ISO 14001 is to assist companies in continually improving their environmental performance.

All key facilities have since then achieved these standards, and have passed interim audits as well as obtained re-certification.

All manufacturing facilities observe and comply with international and regional legislation as well as guidelines.

2 ENVIRONMENTAL STEWARDSHIP

At INFICON, environmental stewardship and sustainability form an integral part of our environmentally responsible business practice. With environmental management, we mean that all ecological aspects are analyzed systematically and that the corresponding need for action is identified. The manufacturing facilities are themselves in charge of setting priorities and deciding on what actions are necessary.

Although our measurement instruments do not fall under the European Union's 'Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment' (RoHS directive 2002/95/EG), the majority of our products comply with these standards. INFICON also observes the European Union's REACH regulation. REACH is the European Community Regulation on chemicals and their safe use (EC 1907/2006). It deals with the registration, evaluation, authorization and restriction of chemical substances. INFICON also reviews the SVHC Candidate List annually to identify newly listed so called 'substances of very high concern' and initiates the necessary steps as needed.

Two key manufacturing facilities are certified to "Green Procurement Standards", which are issued by the Canon group. They include four elements: "A: Environmental management system for business activities," "B: Performance of business activities," "C: Management of chemical substances in products," and "D: Performance of parts and materials."

3 RESOURCE EFFICIENCY AND HEALTH

Our efforts to ensure that resources are used efficiently are most notable in our management of "travel and transport" and storage. We have implemented video conferencing systems at all sites to reduce travel activities. The combination of reduced storage, optimized transportation routing and transportation means, coupled with the economic use of raw materials has enabled us to reduce the waste of resources.

A case in point: We introduced a number of "travel and transport" actions (commuting to work concepts, impact on transportation route and means, video conferencing) at one of our manufacturing facilities, and thus were able to bring down CO_2 emissions by 42% (from 2007 to 2009), and to keep them at that level.

Depending on the site, annual health activities are provided (incentives to engage in sports, encouraging employees to wear bicycle helmets, bicycle checks, classes in meditation and communication, and more).

Moreover, we observe the UN Security Council S/2006/525 with regard to so called conflict metals.

4 IMPROVED ENERGY EFFICIENCY

INFICON strives to maximize its resource and energy efficiency across the entire life span of its products and manufacturing facilities, beginning with the production of materials and processes, extending to their use, decommissioning and ultimate disposal.

5 SAFETY AT WORK

Employee safety is a top priority at INFICON. We have endeavored for many years to prevent accidents from happening at all sites and to limit their secondary effects. To this end, we regularly train and educate employees on work safety and health protection.

(US Dollars in Millions)

INCOME STATEMENT

Net Sales

Net Sales increased by MUSD 46.7 or 17.6% to MUSD 312.1 in 2011 from MUSD 265.4 in 2010, with a positive impact of MUSD 17.0 or 6.4% from changes in currency exchange rates. Acquisitions in 2011 contributed MUSD 5.2 or 1.9% to the sales growth. The General Vacuum Processes market had the largest increase of MUSD 23.3, or 21.3% from 2010, driven by a strong demand across all regions. Sales to the Specific Vacuum Process Industries market increased by MUSD 18.9, representing a 20.6% increase from 2010, mainly driven by sales to semi and equipment manufacturers and Thin Film customers in Asia. Sales to the Refrigeration & Air Conditioning (RAC) market increased by MUSD 8.2 or 19.4% from 2010 as a result of higher demand from mainly Asian and European RAC manufacturers. Sales to the Emergency Response & Security market slightly decreased by MUSD 3.7 or 16.8%, primarily resulting from lower sales in Asia compensated by higher sales in North America.

Gross Profit

Gross profit margin was 47.8% for 2011 versus 47.1% for 2010. This increase resulted mainly from higher absorption of manufacturing overhead on higher sales volume.

Research and Development

Research and development costs increased to MUSD 25.1 from MUSD 23.2 in 2010. The MUSD 1.9 increase is mainly caused by additional headcount as well as changes in currency exchange rates representing MUSD 1.4 of the increase. The Company maintained focus on new product development and integration of new technologies. The spending on research and development as a percentage of net sales ended at 8.0% in 2011 versus 8.7% in 2010.

Selling, General and Administrative (SGA)

SGA expenses increased to MUSD 68.3 in 2011 from MUSD 63.3 in 2010. The increase was driven by changes in currency exchange rates representing MUSD 4.2 as well as investments into our sales force mainly in Asia. SGA spending as a percentage of net sales decreased to 21.9% from 23.8% in 2010.

Income from Operations

Income from Operations increased significantly to MUSD 55.9 or 17.9% of net sales for 2011 from MUSD 38.6 or 14.6% of net sales for 2010. The profitability was heavily impacted by the strong sales increase, the slightly improved gross profit margin and a cost structure that has been kept under control.

Other Expense

Other income was MUSD 1.0 for 2011 as compared to other expense of MUSD 2.7 for 2010. Foreign currency losses accounted for MUSD 0.8 of the expense for 2011 versus MUSD 2.4 in 2010. Other income was increased by MUSD 1.9 by a reduction of contingent consideration concerning the Verionix acquisition.

Interest Income

Interest income remained stable on MUSD 0.1 for 2011 versus 0.1 MUSD for 2010. Expenses due to increased short-term lending have offset interest income on a higher average monthly cash balance of MUSD 87 versus MUSD 52 in 2010.

Provision for Income Taxes

Provision for income taxes rose to MUSD 13.3 or 23.3% of income before taxes for 2011 from a provision of MUSD 9.6 or 26.2% of income before taxes for 2010. This increase in absolute numbers is primarily due to higher profits in 2011, whereas the relative decline is driven by the mix of earnings in different tax jurisdictions.

BALANCE SHEET AND CASH FLOW

Trade accounts receivable, net decreased by MUSD 1.2 to MUSD 37.2 at December 31, 2011 as compared to MUSD 38.4 at December 31, 2010. This decrease was primarily driven by lower sales in the last quarter of 2011 compared to 2010. Days sales outstanding increased slightly and ended at 47.8 days for 2011 versus 45.8 days for 2010 using a 4-point average of quarter-end balances.

Inventories, net increased by MUSD 3.4 to MUSD 31.9 at December 31, 2011 as compared to MUSD 28.5 at December 31, 2010. Inventory turns slightly decreased to 4.9 in 2011 versus 5.4 in 2010 using a 4-point average of quarter-end inventory balances.

Goodwill increased by MUSD 6.7 to MUSD 26.2 due to the recognition of goodwill related to the Adixen Scandinavia AB and Photovac, Inc. transactions.

Accrued liabilities decreased by MUSD 3.9 to MUSD 25.0 at December 31, 2011. This decrease was primarily driven by lower bonus and sales commission accruals.

Income taxes payable increased by MUSD 4.1 to MUSD 9.0 at December 31, 2011, mainly caused by higher taxable profits.

Cash and short-term investments at December 31, 2011 totaled MUSD 91.1 an increase of MUSD 20.7 when compared to December 31, 2010.

CONSOLIDATED BALANCE SHEET

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

ASSETS	Note	**December 31, 2011**	December 31, 2010
Cash and cash equivalents		**88,715**	68,118
Short-term investments		**2,360**	2,210
Trade accounts receivable, net		**37,194**	38,428
Inventories	*4*	**31,866**	28,529
Deferred tax assets	*16*	**4,926**	5,549
Other current assets		**5,196**	4,146
Total current assets		**170,257**	146,980
Property, plant and equipment, net	*5*	**28,831**	26,793
Deferred tax assets	*16*	**14,870**	17,256
Goodwill	*6*	**26,174**	19,434
Intangible assets, net	*7*	**5,012**	4,156
Other non-current assets		**1,630**	1,725
Total non-current assets		**76,517**	69,364
Total assets		**246,774**	216,344
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Trade accounts payable		**6,621**	7,809
Short-term borrowings	*8*	**17,466**	3,453
Accrued liabilities	*9*	**25,032**	28,952
Income taxes payable		**9,016**	4,875
Deferred tax liabilities	*16*	**376**	458
Total current liabilities		**58,511**	45,547
Deferred tax liabilities	*16*	**—**	73
Other non-current liabilities		**12,170**	10,538
Total non-current liabilities		**12,170**	10,611
Total liabilities		**70,681**	56,158
Common stock (2,202,584 in 2011 and 2,171,249 in 2010 shares issued / 2,202,584 in 2011 and 2,171,249 in 2010 shares outstanding; par value CHF 5)	*11*	**6,147**	6,091
Additional paid-in capital		**47,603**	69,578
Retained earnings		**120,763**	77,047
Accumulated other comprehensive income	*14*	**1,580**	7,470
Total shareholders' equity		**176,093**	160,186
Total liabilities and shareholders' equity		**246,774**	216,344

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

CONSOLIDATED STATEMENT OF INCOME

(US Dollars in Thousands, except per share amounts)

Year ended December 31,	Note	**2011**	2010
Net sales	15	**312,090**	265,408
Cost of sales		**162,851**	140,313
Gross profit		**149,239**	125,095
Research and development		**25,063**	23,170
Selling, general and administrative		**68,258**	63,287
Operating income		**55,918**	38,638
Interest expense, net		**(137)**	(86)
Other expense (income), net		**(969)**	2,058
Income before income taxes	16	**57,024**	36,666
Provision for income taxes	16	**13,308**	9,595
Net income		**43,716**	27,071
Earnings per share:	17		
Basic		**20.00**	12.56
Diluted		**19.85**	12.47

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

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

	Note	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 2009		6,021	66,144	57,508	5,072	134,745
Net income				27,071		27,071
Other comprehensive income:						
Unrealized gain on foreign currency hedges, net of income taxes (USD (36))	*19*				(64)	(64)
Unrecognized expense related to pensions, net of tax (USD 684)	*13, 18*				(25)	(25)
Foreign currency translation adjustments	*2*				2,487	2,487
Total comprehensive income						29,469
Issuance of common stock from exercise of stock options	*12*	70	2,624			2,694
Stock-based compensation	*12*		810			810
Dividends paid (CHF 4 per share)				(7,532)		(7,532)
Balance at December 31, 2010		6,091	69,578	77,047	7,470	160,186
Net income				43,716		43,716
Other comprehensive income:						
Unrealized gain on foreign currency hedges, net of income taxes (USD 17)	*19*				30	30
Unrecognized expense related to pensions, net of tax (USD (2,534))	*13, 18*				(6,457)	(6,457)
Foreign currency translation adjustments	*2*				537	537
Total comprehensive income						37,826
Issuance of common stock from exercise of stock options	*12*	56	2,354			2,410
Stock-based compensation	*12*		1,019			1,019
Distribution from legal reserve (CHF 10 per share)			(25,348)			(25,348)
Balance at December 31, 2011		6,147	47,603	120,763	1,580	176,093

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(US Dollars in Thousands)

Year ended December 31,	Note	2011	2010
Cash flows from operating activities:			
Net income		**43,716**	27,071
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	21	**4,047**	5,789
Amortization	21	**388**	932
Deferred taxes		**5,674**	4,062
Stock-based compensation	12	**1,019**	810
Changes in operating assets and liabilities, excluding effects from acquisition:			
Trade accounts receivable		**1,847**	(7,615)
Inventories		**(2,123)**	(3,027)
Other assets		**116**	3,064
Trade accounts payable		**(1,674)**	1,109
Accrued liabilities		**(3,877)**	14,511
Income taxes payable		**4,256**	4,790
Other liabilities		**(8,059)**	(1,159)
Net cash provided by operating activities		**45,330**	50,337
Cash flows from investing activities:			
Purchases of property, plant and equipment		**(5,850)**	(3,602)
Acquisitions of businesses net of cash acquired	3	**(10,428)**	(6,346)
Change in short-term investments		**(150)**	(95)
Net cash used in investing activities		**(16,428)**	(10,043)
Cash flows from financing activities:			
Cash dividend/distribution from legal reserve		**(25,347)**	(7,532)
Increase in short-term borrowings	8	**15,014**	1,359
Decrease in short-term borrowings	8	**(1,000)**	(312)
Proceeds from exercise of stock options	12	**2,410**	2,694
Net cash used in financing activities		**(8,923)**	(3,791)
Effect of exchange rate changes on cash and cash equivalents		**618**	1,463
Change in cash and cash equivalents		**20,597**	37,966
Cash and cash equivalents at beginning of period		**68,118**	30,152
Cash and cash equivalents at end of period		**88,715**	68,118

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

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

1 DESCRIPTION OF BUSINESS

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

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

Significant Accounting Policies and Estimates

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

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 523 and USD 613 at December 31, 2011 and 2010, respectively. The Company markets its products to a diverse customer base globally. Trade credit is extended based upon evaluation of each customer's ability to perform its obligations. These evaluations are updated periodically and the Company may require deposits on large orders but does not require collateral to support customer receivables. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual write-offs may be in excess of the recorded allowance.

Concentration Risk

The following table represents the most significant customer net sales of the years in USD:

	2011	2010
Customer A	42,018	38,674
Customer B	28,569	24,751

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the moving average 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 4,909 and USD 4,570 as of December 31, 2011 and 2010, respectively.

Income Taxes

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

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

Property, Plant, and Equipment

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

Goodwill and Intangible Assets

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

Pension Benefits

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

Revenue Recognition

Revenue is recognized upon the transfer of title and risk of loss which is generally upon shipment. In some instances, the Company provides training and maintenance to customers after the product has been shipped. The Company allocates the revenue between the multiple elements based upon relative fair value and defers the revenue related to the undelivered elements until the training and maintenance is complete. Fair value is the price charged when the element is sold separately. When a customer's acceptance is required, revenue is not recognized until the customer's acceptance is received. The Company accrues for anticipated returns and warranty costs upon shipment.

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

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

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

Advertising Costs
Advertising costs of USD 234 in 2011 and USD 223 in 2010 are expensed as incurred.

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

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

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

	Period-end rates		Average rates	
Currency	**2011**	2010	**2011**	2010
Swiss Franc	**1.0644**	1.0632	**1.1318**	0.9597
Euro	**1.2939**	1.3253	**1.3928**	1.3238
Japanese Yen	**0.0129**	0.0123	**0.0126**	0.0114
Hong Kong Dollar	**0.1287**	0.1285	**0.1285**	0.1287
Korean Won	**0.0009**	0.0009	**0.0009**	0.0009

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

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

Reclassification
Certain reclassifications have been made to prior years' financial statements and related note disclosure to conform to the current year presentation. In fiscal year 2010, immaterial changes in fair value were reclassified from selling, general and administrative expenses (income) to other expenses (income) to conform to fiscal year 2011 presentation.

Recent Accounting Pronouncements
Pronouncements not yet effective:
In December 2010, the FASB issued Accounting Standards Update (ASU) 2010-28 "Intangibles - Goodwill and Other", requiring modification of Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. The new requirements are effective for fiscal years and interim periods within those years, beginning after December 15, 2011. The ASU 2010-28 will become applicable to the Company as of January 1, 2012. The Company does not expect that ASU 2010-28 will have a material impact on its financial statements.

In April 2011, the FASB issued ASU 2011-02, "Receivables", requiring evaluation whether a restructuring constitutes a troubled debt restructuring considering the existence of a concession and financial difficulties experienced by the debtor. The amendments are effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. Early adoption is permitted. The ASU 2011-02 will become applicable to the Company as of January 1, 2012. The Company does not expect that ASU 2011-02 will have a material impact on its financial statements.

In May 2011, the FASB issued ASU 2011-04, "Fair value measurement". The amendments in this update result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments are effective for annual periods beginning after December 15, 2011. The ASU 2011-04 will become applicable to the Company as of January 1, 2012. The Company does not expect that ASU 2011-04 will have a material impact on its financial statements.

In June 2011, the FASB issued ASU 2011-05, "Presentation of Comprehensive Income", requiring that net income and other comprehensive income is either presented in a single continuous statement – referred to as the statement of comprehensive income – or in two separate, but consecutive statements of net income and other comprehensive income. The option to present items of other comprehensive income in the statement of changes in shareholders' equity will be eliminated. The new requirements are effective for fiscal years beginning after December 15, 2012, however, full retrospective application is required. The ASU 2011-05 will become applicable to the Company as of January 1, 2013. The Company does not expect that ASU 2011-05 will have a material impact on its financial statements.

In May 2011, the FASB issued ASU 2011-08, "Intangibles – Goodwill and Other". The amendments in the Update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The ASU 2011-08 will become applicable to the Company as of January 1, 2012. The Company does not expect that ASU 2011-08 will have a material impact on its financial statements.

Pronouncements adopted during 2011:
As of January 1, 2011, the Company adopted ASU 2009-13, "Multiple-Deliverable Revenue Arrangements." This ASU establishes the accounting and reporting guidance for arrangements including multiple revenue-generating activities. This ASU provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. The amendments in this ASU also establish a selling price hierarchy for determining the selling price of a deliverable. Significantly enhanced disclosures are also required to provide information about a vendor's multiple-deliverable revenue arrangements, including information about the nature and terms, significant deliverables, and its performance within arrangements. The amendments also require providing information about the significant judgments made and changes to those judgments and about how the application of the relative selling-price method affects the timing or amount of revenue recognition. The amendments in this ASU became effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. The adoption of this ASU has not had and is not expected to have a material impact on the determination or reporting of the Company's financial results.

As of January 1, 2011, the Company adopted ASU 2009-14, "Certain Revenue Arrangements That Include Software Elements." This ASU changes the accounting model for revenue arrangements that include both tangible products and software elements that are "essential to the functionality," and scopes these products out of current software revenue guidance. The new guidance includes factors to help companies determine what software elements are considered "essential to the functionality." The amendments will now subject software-enabled products to other revenue guidance and disclosure requirements, such as guidance surrounding revenue arrangements with multiple-deliverables. The amendments in this ASU became effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. The adoption of this ASU has not had and is not expected to have a material impact on the determination or reporting of the Company's financial results.

As of January 1, 2011, the Company adopted ASU 2010-11, "Derivatives and Hedging." This ASU clarified the intended breadth of the embedded credit derivative scope exception in paragraphs 815-15-15-8 through 15-9 of the FASB Accounting Standards Codification™. The amendments in this update became effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. The adoption of this ASU has not had and is not expected to have a material impact on the determination or reporting of the Company's financial results.

As of January 1, 2011, the Company adopted ASU 2010-29, "Business Combinations." This ASU specifies that, for material business combinations when comparative financial statements are presented, revenue and earnings of the combined entity should be disclosed as though the business combination had occurred as of the beginning of the comparable prior annual reporting period. ASU 2010-29 also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 became effective prospectively for business combinations with an acquisition date on or after the beginning of the first annual reporting period after December 15, 2010. The adoption of this ASU has not had and is not expected to have a material impact on the determination or reporting of the Company's financial results.

3 ACQUISITIONS

Verionix

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

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

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

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

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

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

As of December 31, 2011, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 1,900 and recognized in current year's earnings accordance with FASB ASC 805 "Business Combinations." As of December 31, 2011, the fair value of the contingent consideration amounts to USD 2,100.

Micro Gas Chromatography (GC)

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

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

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

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

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

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

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

Cumulative Helium Leak Detection (CHLD)

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

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

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

As of December 22,	2010
Inventory	31
Goodwill	969
Intangible assets	1,000
Net assets acquired	2,000
Accrued contingent consideration	(500)
Purchase price at closing	(1,500)
Total fair value of consideration	(2,000)

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

	Value	Weighted-average life (years)
Technology - Cumulative Helium Leak Detection (CHLD)	700	16.0
Trade name	200	indefinite
Consulting agreement	100	1.0
Intangible assets	1'000	

Adixen

On August 31, 2011, the Company acquired the stock of Adixen Scandinavia AB, a global leader in leak detection with hydrogen as a testing gas. This acquisition complements the Company's expertise in leak detection applications with potentially higher leak rates including industries such as public utilities, automotive and fuel cell technology. As of the reporting date, management has not yet finalized the related purchase price allocation and it is therefore deemed provisional.

The purchase price was USD 7,225, less cash acquired at closing.

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

As of August 31,	2011
Cash and cash equivalents	262
Accounts receivable	595
Inventory	579
Deferred tax assets	369
Other current assets	124
Equipment	321
Goodwill	5,598
Intangible assets	78
Assets acquired	7,926
Accrued liabilities assumed	(701)
Net assets acquired	7,225

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

	Value	Weighted-average life (years)
Patents and trademarks	78	10
Intangible assets	78	

Photovac

On November 15, 2011, the Company acquired substantially all the assets of Photovac Inc., a developer and manufacturer of volatile organic compound (VOC) detection equipment. The addition of Photovac's products and sensor technology to the already proven line of chemical detection and monitoring systems will help the Company expand its market reach in environmental monitoring and emergency response markets.

The purchase price was USD 3,465 at closing. Additionally, there is an earn-out to be paid based on units sold over a two year period. At the acquisition date the Company has performed a fair value calculation which resulted in USD 550 of contingent consideration.

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

As of November 15,	2011
Inventory	675
Other current assets	90
Equipment	80
Goodwill	1,460
Intangible assets	1,710
Net assets acquired	4,015
Accrued contingent consideration	(550)
Purchase Price at closing	(3,465)
Total fair value of consideration	(4,015)

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

	Value	Weighted-average life (years)
Technology - Volatile Organic Compounds	640	10.0
Trade name	70	3.0
Distributor/Customer relationships	940	5.9
Non-competition agreements	60	5.0
Intangible assets	1,710	

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, 2011 and 2010, respectively.

4 INVENTORIES

Inventories consist of the following at December 31:

	2011	2010
Raw material	**20,857**	20,884
Work-in-process	**4,813**	2,276
Finished goods	**6,196**	5,369
Balance at December 31,	**31,866**	28,529

5 PROPERTY, PLANT, AND EQUIPMENT

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

	2011	2010
Land	**2,659**	2,707
Buildings and improvements	**41,204**	38,683
Machinery and equipment	**49,730**	45,802
	93,593	87,192
Less: accumulated depreciation	**(64,762)**	(60,399)
Balance at December 31,	**28,831**	26,793

6 GOODWILL

The activity of goodwill was as follows:

	2011	2010
Balance, beginning of year	**19,434**	18,582
Goodwill acquired during the year, including increases for contigent consideration	**6,740***	852**
Balance at December 31,	**26,174**	19,434

* Additional goodwill acquired in 2011 mainly due to Adixen and Photovac acquisitions. For a more detailed discussion of payments, refer to Note 3, "Acquisitions."
** Additional goodwill acquired in 2010 mainly due to Agilent and Pernicka acquisitions. For a more detailed discussion of payments, refer to Note 3, "Acquisitions."

7 INTANGIBLE ASSETS

The costs of identified intangible assets, including completed technology, customer relationships, and non-competition/non-solicitation agreements are amortized on a straight-line basis over four to ten years. Amortization expense for the next five years will approximate USD 555 per year.

The balance of the intangible assets was as follows:

	December 31, 2011		December 31, 2010	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Technology	7,560	(4,334)	5,434	(2,339)
Customer relationships	2,865	(1,231)	1,925	(895)
Other	428	(276)	298	(267)
	10,853	(5,841)	7,657	(3,501)
Intangible assets, net		**5,012**		**4,156**

On December 1st, 2009, the Company acquired intellectual property assets related to the SiO2 membrane and optical He detection and other gas detection business of Boris M. Chernobrod and Vladimir Schwartz totaling USD 399. As of December 31, 2011, the Company has acquired additional intellectual property totaling USD 367 (2010: 275). The acquisition expands the Company's position in Leak Detection applications in the RAC, automation and electronic markets.

8 BORROWING FACILITIES

The Company is in possession of a credit agreement with UBS amounting in total USD 10,000. Thereof, the Company granted to its subsidiaries in Hong Kong and Japan guarantees totaling USD 9,546; the remaining amount is USD 454. The agreement mentioned above can be terminated with a 30 day notice by either party. The Company itself had no outstanding amounts under the arrangement as of December 31, 2011.

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

The following is a summary of these facilities and outstanding balances at December 31, 2011:

Bank	Total available (USD)	Interest rate	Expiration	Outstanding amount (USD)
A	9,546	LIBOR+Margin	Various	2,583
B	1,020	1.0%–2.0%	Upon notice	–
C	783	EURIBOR + 0.6%	Upon notice	89
D	647	2.60%–3.45%	Upon notice	–
E	1,294	6.50%	Upon notice	–
F	319	Not specified	Upon notice	–
G	436	4.35%	Upon notice	–
H	15,966	LIBOR+Margin	Upon notice	14,794
	30,011			**17,466**

9 ACCRUED LIABILITIES

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

	2011	2010
Salaries, wages and related costs	**17,392**	21,169
Warranty	**2,963**	3,149
Deferred revenue	**564**	420
Professional fees	**449**	572
Other	**3,664**	3,642
Balance at December 31,	**25,032**	28,952

10 WARRANTY

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

	2011	2010
Balance, beginning of year	**4,096**	3,464
+/– FX impact on starting balance	**(49)**	34
– Reduction for payments made	**(824)**	(636)
+/– Change for accruals related to product warranties issued	**1,045**	626
+/– Change in liabilities for accruals related to pre-existing warranties	**(903)**	608
Balance at December 31,	**3,365**	4,096
out of which are short-term:	**2,963**	3,149
out of which are long-term:	**402**	947

11 SHAREHOLDER'S EQUITY

Under the Swiss Code of Obligations, the shareholders may decide on an increase of the share capital in a specified aggregate par value up to 50% of the existing share capital, in the form of authorized capital to be used at the discretion of the Board of Directors. The Board of Directors is currently not authorized to issue new registered shares. The General Meeting of Shareholders approved conditional capital in the amount of 260,000 shares in 2006, which shall be issued upon the exercise of option rights, which some employees and members of the Board of Directors will be granted pursuant to the Employee Incentive Plans. The Board of Directors will regulate the details of the issuances. As of December 31, 2011 and 2010, 163,632 and 183,644 shares of CHF 5 each, respectively, were available for issuance.

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

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

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

12 STOCK OPTION PLANS

Directors' Stock Option Plan – In fiscal year 2001, the Board of Directors approved the Directors' Stock Option Plan. The Directors' Stock Option Plan is solely for members of the Board, who are not employees of INFICON. The Company grants options to the eligible Directors in May of each year and the options are 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 employee's 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 April 26, 2012.

The options are granted in Swiss Francs.

Provisions of the plans are as follows:

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

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

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

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

	Options	Weighted average exercise price (CHF)
Outstanding at December 31, 2009	147,061	148.38
Granted	31,000	127.00
Cancelled	(3,021)	136.08
Exercised	(24,787)	107.39
Outstanding at December 31, 2010	150,253	150.98
Granted	32,100	196.60
Cancelled	(4,471)	154.79
Exercised	(20,012)	109.45
Outstanding at December 31, 2011	157,870	165.41
Exercisable at December 31, 2011	87,344	171.62

The following table summarizes information about stock options outstanding and exercisable at December 31, 2011.

Exercise price (CHF)	Options outstanding	Outstanding options average price (CHF)	Remaining term (years)	Options exercisable	Options exercisable average price (CHF)
90.01–112.50	26,098	101.38	4.1	13,573	100.81
112.51–135.00	29,725	127.00	5.3	9,512	127.00
135.01–157.50	825	150.97	3.7	462	151.60
157.51–180.00	22,571	171.84	3.3	17,146	171.79
180.01–202.50	54,226	193.04	4.2	22,226	187.90
202.51–225.00	24,425	213.80	2.3	24,425	213.80
Totals	157,870	165.41		87,344	171.62

The weighted average remaining contractual terms of outstanding stock options are 4.0 years at both December 31, 2011 and 2010. The weighted average remaining contractual terms of exercisable stock options at December 31, 2011 and 2010 are 2.8 years and 2.9 years, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2011 is USD 2,319 and 1,109, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2010 is USD 5,693 and 2,063, respectively.

In accordance with the provisions of ASC 718, "Compensation – Stock Compensation" during the year ended December 31, 2011, the Company recognized stock-based compensation expense related to stock options of USD 1,019, net of tax benefit (USD 123). As a result of applying the provisions of ASC 718 during the year ended December 31, 2010, the Company recognized stock-based compensation expense related to stock options of USD 810, net of tax benefit (USD 112).

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.

	2011	2010
Risk free interest rate	**1.57%**	0.95%
Expected volatility factor of stock price	**35.11%**	35.36%
Dividend yield	**4.49%**	4.04%
Expected life of stock options	**5.5**	5.5

Expected volatilities are based upon historical volatility of the Company's stock. The expected life estimates are determined using the average expected term based on historically observed option lives. Unrecognized stock based compensation expense related to non-vested stock options totaled USD 1,767 at December 31, 2011, 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 1.37 years.

Shares authorized and remaining for stock options awards in 2011 were 183,644. During 2011 and 2010, proceeds from stock option exercises totaled USD 2,410 and USD 2,693, respectively, and 20,012 and 24,787 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 2011 and 2010 was USD 1,538 and USD 1,163, respectively. The weighted average fair value for options granted during 2011 was 40.84 CHF per share. The weighted average fair value of options vested during 2011 was 32.02 CHF per share.

13 EMPLOYEE BENEFIT PLANS

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

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

	2011	2010
Change in benefit obligation:		
Benefit obligation at January 1,	**78,007**	71,714
Foreign currency translation adjustments	**(287)**	5,364
Service cost	**2,445**	2,364
Interest cost	**3,081**	3,105
Actuarial losses (gains)	**1,626**	(102)
Benefits paid	**(2,170)**	(5,564)
Participant contributions	**1,171**	1,126
Termination benefits and curtailments	**–**	–
Benefit obligation at December 31,	**83,873**	78,007

Change in plan assets:		
Fair value of plan assets at January 1,	**73,487**	66,126
Foreign currency translation adjustments	**(168)**	5,310
Actual return on plan assets	**(4,416)**	3,982
Company contributions	**7,579**	2,320
Participants' contributions	**1,366**	1,313
Benefits paid	**(2,170)**	(5,564)
Fair value of plan assets at December 31,	**75,678**	73,487

Net funded status (including under-funded and non-funded plans) at December 31,		
Amounts recognized in the Consolidated Balance Sheet:		
Asset	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**(8,195)**	(4,520)
Net funded status	**(8,195)**	(4,520)

Weighted average of assumptions:		
Discount rate	**3.6%**	3.8%
Expected return on plan assets	**5.5%**	5.5%
Rate of compensation increase	**3.1%**	2.9%

The pre-tax amounts recognized in accumulated other comprehensive income consist of:		
Net actuarial loss	**25,165**	16,200
Prior service (credit) cost	**335**	306
Transition obligation	**13**	16
Total (before tax effects)	**25,513**	16,522

The accumulated benefit obligation for all defined benefit pension plans was USD 76,624 and USD 71,230 at December 31, 2011 and 2010, respectively.

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

	2011	2010
Aggregate projected benefit obligation	**(56,538)**	(55,342)
Aggregate accumulated benefit obligation	**(54,339)**	(52,651)
Aggregate fair value of plan assets	**52,479**	50,813

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

	2011	2010
Service cost	**2,445**	2,364
Interest cost	**3,081**	3,105
Expected return on plan assets	**(3,956)**	(2,943)
Amortization of prior service cost (benefit)	**40**	40
Amortization of transition asset	**2**	55
Termination benefits, curtailment and others	**—**	—
Net amortization and deferral of actuarial gains (losses)	**888**	327
Net periodic benefit cost	**2,500**	2,948
Net actuarial (gain)/loss	**9,528**	(339)
Amortization actuarial (gain)/loss	**(898)**	(532)
Curtailment impact on actuarial loss/(gain)	**—**	—
Curtailment impact on prior service (cost)/credit	**—**	—
Recognized prior service (cost)/credit	**28**	(22)
Amortization of prior service (cost)/credit	**—**	(18)
Amortization of transition (obligation)/asset	**(2)**	(2)
Foreign currency translation adjustment	**335**	254
Total recognized in other comprehensive income (before tax effects) *	**8,991**	(659)

** excluding foreign currency effects*

Total recognized in net benefit cost and other comprehensive income (before tax effects)	**11,491**	2,289

Plan Assets

For 2011 and 2010 the Company's US, German, and Liechtenstein pension plan assets were managed by outside investment managers. The investment manager has the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity for investment returns.

The fair values of the Company's US, Liechtenstein, and German pension plan assets at December 31, 2011 by asset category are as follows:

	Total market value	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity securities	**26,320**	26,320	—	—
Debt securities	**23,092**	23,092	—	—
Real estate	**7,615**	6,260	—	1,355
Other	**18,651**	17,730	—	921
Total	**75,678**	**73,402**	**—**	**2,276**

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

	Real estate
Beginning balance at January 1, 2011	1,396
Foreign currency translation adjustments	2
Actual return on plan assets:	—
Relating to assets still held at the reporting date	66
Relating to assets sold during the period	—
Purchases, sales and settlements	—
Transfers in and/or out of Level 3	(109)
Ending balance at December 31, 2011	**1,355**

The Equity securities include common stocks or other equity holdings in the US, international and emerging market entities whereas debt securities contain asset backed debt as well as bond investments in corporations and governments. The real estate investment consists of traded real estate funds and direct real estate investments. The category "Other" is mainly composed of cash. Investment decisions relating to pension plan assets are made taking into consideration studies and investment policy statements in the US as a strategic allocation framework. The studies include analyses of factors as the funded status, duration of the plan liabilities, the necessary investment return to finance liabilities. The guidelines within the investment policy set allocation bands for each permitted class assets. The Company uses a diversified portfolio consisting of equity securities, debt securities, real estate and other investments including cash to preserve asset values, diversify risk and maximize the return from an expected long-term view while protecting principal. Investment performance and asset allocation are measured and monitored on an ongoing basis to identify potential concentration of risks. As of December 31, 2010 and 2011, there is no significant portfolio concentration of risk. The Company's overall expected long-term rate of return on plan assets is based upon historical long-term returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

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

Asset Category	2011	2010
Equity securities	**34.8%**	36.3%
Debt securities	**30.5%**	30.2%
Real estate	**10.1%**	12.2%
Other	**24.6%**	21.3%
Total	**100.0%**	100.0%

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

Asset Category	**2011**	2010
Equity securities	**33.4%**	32.5%
Debt securities	**33.0%**	35.0%
Real estate	**9.3%**	10.5%
Other	**24.3%**	22.0%
Total	**100.0%**	100.0%

It is anticipated that the Company will make contributions of approximately USD 1,192 to the pension plans for the fiscal year ending December 31, 2012.

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

2012	2,541
2013	2,365
2014	2,710
2015	3,027
2016	3,537
2017–2021	27,057

The following table shows the amount in other comprehensive income expected to be recognized as components of Net Periodic Benefit Cost in 2012:

	2012
Transition obligation	2
Prior service cost	46
Net loss (gain)	1,684
	1,732

The Company also participates in U.S. and foreign defined contribution plans for certain locations. Expense related to these plans was USD 1,228 and USD 1,221 for the years ended December 31, 2011 and 2010, respectively.

14 ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Pre-tax	Income tax	After tax
December 31, 2011			
Foreign currency translation adjustments*	20,494	–	20,494
Unrecognized expense related to pension	(25,512)	6,598	(18,914)
Unrealized gain on foreign currency hedge	–	–	–
Total accumulated other comprehensive income	(5,018)	6,598	1,580
December 31, 2010			
Foreign currency translation adjustments*	19,957	–	19,957
Unrecognized expense related to pension	(16,522)	4,064	(12,458)
Unrealized gain on foreign currency hedge	(46)	17	(29)
Total accumulated other comprehensive income	3,389	4,081	7,470

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

15 BUSINESS SEGMENTS

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

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

	2011	2010
Europe	**116,209**	100,028
North America	**60,306**	59,019
Asia-Pacific	**132,191**	103,372
Other	**3,384**	2,989
	312,090	265,408

16 INCOME TAXES

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

	2011	2010
Switzerland	9,292	3,821
Foreign	47,732	32,845
Income before income taxes	57,024	36,666

Provision for income taxes included the following:

	2011	2010
Current:		
Switzerland	576	18
Foreign	7,204	5,137
	7,780	5,155
Deferred:		
Switzerland:		
Changes in temporary differences	447	447
Foreign:		
Changes in temporary differences	2,566	63
Compensation of operating loss carry-forward	2,707	3,930
Tax expense that results from allocating certain tax benefits either directly to contributed capital or to reduce goodwill or other noncurrent intangible assets of an acquired entity	28	–
Adjustments of a deferred tax liability or asset for enacted changes in tax laws or rates or a change in the tax status of the entity	(220)	–
	5,528	4,440
Provision for income taxes	13,308	9,595

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

	2011	2010
Swiss statutory tax rate	16.9%	16.9%
Effect of non-Swiss subsidiaries with different tax rates	9.1%	0.2%
Net operating loss carry-forwards (NOLs) for which no benefit is recorded and compensation of NOLs previously capitalized	0.1%	6.3%
Effect of permanent differences & other	–2.7%	2.8%
Effective tax rate	23.3%	26.2%

Deferred tax assets and liabilities were comprised of the following:

	2011	2010
Deferred tax assets:		
Accrued liabilities	1,465	1,707
Operating losses	5,204	7,881
Tax credit carry-forwards	1,054	651
Basis differences/intangible assets	7,103	10,418
Pension liabilities	3,348	1,569
Inventory	1,787	1,845
Deferred revenue and other	1,670	1,397
	21,631	25,468
Less: valuation allowance	(1,835)	(2,435)
Deferred tax liabilities:		
Accounts receivable	(56)	(63)
Inventory	(167)	(237)
Property, plant and equipment	(153)	(459)
	(376)	(759)
Net deferred tax asset	19,420	22,274
Presented as:		
Current deferred tax asset	4,926	5,549
Long-term deferred tax asset	14,870	17,256
Current deferred tax liability	(376)	(458)
Long-term deferred tax liability	–	(73)
	19,420	22,274

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

As of December 31, 2011, the Company has net deferred tax assets of USD 19,420, a majority of which is in the United States. In assessing the realization of the Company's deferred tax assets, the Company considers whether it is more likely than not the deferred tax assets will be realized. The Company evaluates the recoverability of its deferred tax assets based upon historical results and forecasted results over future years, considering tax planning strategies, and matches this forecast against the basis differences, deductions available in future years and the limitations allowed for net operating loss carry-forwards to ensure there is adequate support for the realization of the deferred tax assets. The Company has considered future operating results in conjunction with ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance. In the event the Company was to determine that the Company would not be able to realize all or part of the Company's net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged as a reduction to income in the period such determination was made. Likewise, should the Company determine that it would be able to realize future deferred tax assets in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made. Although realization is not assured, the Company believes it is more likely than not that the net deferred tax asset balance as of December 31, 2011 will be realized. In addition, the Company has recorded a valuation allowance of USD 1,835 in 2011 compared to USD 2,435 in 2010, which represents the tax benefit for net operating losses and other timing differences incurred outside of the United States for which the Company is uncertain as to the amount, if any, of future tax benefits to be received for the future utilization of such assets. The change in valuation allowance amounts are USD (600) in 2011 and USD 610 in 2010.

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

The gross value of unused net operating loss and tax credit carry-forwards that have been capitalized as deferred tax assets with their expiry dates as of December 31, 2011 in USD is as follows:

	Net operating loss carry-forwards	Tax credit carry-forwards	Total
2015	418	—	**418**
Thereafter	14,771	1,054	**15,825**
Total	15,189	1,054	**16,243**

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

The total amount of unrecognized tax benefits as of December 31, 2011 and 2010 is USD 1,500. This amount is included in the determination of net income following the Company's adoption of ASC 805 "Business Combinations" on January 1, 2009. The Company has not accrued interest or penalties as it relates to this position. The USD 1,500 is included as a reduction of long-term deferred tax asset and relates to an uncertain tax position in the United States. The Company believes it is reasonably possible that the amount of unrecognized tax benefits would not significantly change in the next twelve months as a result of tax authority audits.

INFICON and its subsidiaries are subject to various statutory and income tax jurisdictions. The following tax years, in the major tax jurisdictions noted, are open for assessment or refund: Switzerland: 2010 and 2011, USA: 2002 to 2011, Liechtenstein: 2011, Germany: 2009 to 2011, Korea: 2007 to 2011, Japan: 2007 to 2011, Hong Kong: 2005 to 2011, and Taiwan: 2010 and 2011.

17 EARNINGS PER SHARE

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

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

	2011	2010
Numerator:		
Net income	**43,716**	27,071
Denominator:		
Weighted average shares outstanding	**2,185,791**	2,154,749
Effect of dilutive stock options	**16,793**	16,500
Denominator for diluted earnings per share	**2,202,584**	2,171,249
Earnings per share:		
Basic	**20.00**	12.56
Diluted	**19.85**	12.47

For the year ended December 31, 2011, the fully diluted earnings per share calculation excluded 101,101 options to purchase shares since these shares would have been anti-dilutive for 2011, compared to 106,487 options in 2010, respectively.

18 SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for the years ended December 31:

	2011	2010
Income taxes	**3,624**	940
Interest	**179**	146

Non-cash transactions for the years ended December 31:

	2011	2010
Adjustment related to pension recorded in OCI	**(6,457)**	(25)
Acquisition earn-out accrued	**1,350**	100

19 FAIR VALUE MEASUREMENTS

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

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

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

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

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

The Company has derivative instruments, in the form of forward exchange contracts, to hedge against future movements in foreign exchange rates that affect certain foreign currency denominated sales and related purchase transactions, caused by currency exchange rate volatility. These contracts are designated as cash flow hedges and have durations of less than one year. The Company attempts to match the forward contracts with the underlying items being hedged in terms of currency, amount and maturity. The primary currencies in which the Company has exposure are the Japanese Yen, Swiss Franc, Euro, and US Dollar. This exposure arises in certain locations from intercompany purchases and sales of inventory in foreign currency for resale in local currency, in addition to intercompany billings relating to research and development and management services. The Company's accounting policy for derivative financial instruments is based on its designation of such instruments as hedging transactions. An instrument is designated as a hedge based in part on its effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions. The Company records all derivatives on the balance sheet at fair value using market-based observable inputs such as interest rates, foreign exchange rates, and forward and spot prices for currencies. Based on these inputs, the derivative assets are classified within Level 2 of the valuation hierarchy. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The gain or loss (ineffectiveness) on the derivative instrument in excess of the hedged item, if any, is recognized in current earnings during the period in which it occurs. The Company's unrealized net gains/losses under foreign currency contracts at December 31, 2011 and 2010 are included in accumulated other comprehensive income, net of taxes. These unrealized net gains/losses are expected to be recognized into earnings over the duration period.

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

	Fair value measurements at Dec 31, 2011			Fair value measurements at Dec 31, 2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative assets		2,461			5,269	

The Company had losses from all foreign currency transactions and foreign exchange contracts of USD 822 and USD 2,432 for the years 2011 and 2010, respectively, which are recorded in other expense (income), net.

Please see Note 3, "Acquisitions" for significant nonrecurring measurements of assets and liabilities.

20 COMMITMENTS AND CONTINGENCIES

A summary of contractual commitments and contingencies as of December 31, 2011 is as follows:

	Operating leases	Purchase obligations	Total
2012	4,056	9,522	**13,578**
2013	3,572	315	**3,887**
2014	3,263		**3,263**
2015	2,954		**2,954**
2016	2,633		**2,633**
Thereafter	10,181	472	**10,653**
Total	26,659	10,309	**36,968**

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2012 through 2021. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes. Rental expense under operating leases totaled USD 4,744 and USD 4,786 for the years ended December 31, 2011 and 2010, respectively.

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

21 ADDITIONAL INFORMATION REQUIRED BY SWISS LAW

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

	2011	2010
Total personnel costs	**82,456**	65,564
Depreciation of property, plant, and equipment	**4,047**	5,789
Amortization of intangible assets	**388**	932
Total amortization and depreciation	**4,435**	6,721

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

	2011	2010
Buildings and improvements	**30,459**	31,162
Machinery and equipment	**60,032**	55,227
	90,491	86,389

Compensations for Acting Members of Governing Bodies

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

a) Compensations 2011

	Base compensation cash	Variable compensation			Other compensation	Total 2011
		Accrued bonus	Share options granted*			
	TUSD	TUSD	(number)	TUSD	TUSD	TUSD
Board of Directors:						
Gustav Wirz	157	0	900	41	0	198
Paul Otth	122	0	700	32	0	154
Dr. Richard Fischer	79	0	450	21	0	100
Beat Siegrist	84	0	475	22	0	106
Dr. Thomas Staehelin	92	0	525	24	18**	134
Total	534	0	3,050	140	18	692

The base compensation of the Chairman and the other Board members did not change over the previous year. The increase is due to fluctuations in the USD/CHF rate.

Senior Management:						
Lukas Winkler President & CEO	585	351	2,000	92	22	1,050
Total	1,953	1,043	6,250	288	112	3,396

* Share options granted are valued according to the fair value of options granted using the Black-Scholes option-pricing model. The share option plan has remained unchanged.

** Compensation for assisting in the preparation of shareholder meetings and other corporate actions.

b) Compensations 2010

	Base compensation cash	Variable compensation			Other compen-sation	Total 2010
		Accrued bonus	Share options granted*			
	TUSD	TUSD	(number)	TUSD	TUSD	TUSD
Board of Directors:						
Gustav Wirz	149	0	950	26	0	175
Paul Otth	115	0	725	20	0	135
Dr. Richard Fischer	75	0	475	13	0	88
Mario Fontana	75	0	475	13	5	93
Dr. Thomas Staehelin	83	0	525	14	13**	110
Total	497	0	3,150	86	18	601
Senior Management:						
Lukas Winkler President & CEO	503	412	2,000	54	20	989
Total	1,785	1,335	6,250	169	117	3,406

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

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

Compensations for Former Members of Governing Bodies
There was no compensation to former members of the Board of Directors.

Share Ownership and Options Owned
The number of shares and options owned by the Board of Directors and Senior Management for the years ended December 31:

	2011		2010	
	Shares owned	Options owned	Shares owned	Options owned
Board of Directors:				
Gustav Wirz	**24,988**	**2,800**	23,088	3,800
Paul Otth	**60**	**3,600**	60	2,900
Dr. Richard Fischer	**21,000**	**2,041**	21,000	1,591
Mario Fontana	**n/a**	**n/a**	2,400	2,696
Beat Siegrist	**7,000**	**475**	n/a	n/a
Dr. Thomas Staehelin	**250**	**3,131**	250	3,703
Total Board of Directors	**53,298**	**12,047**	46,798	14,690
Senior Management:				
Lukas Winkler, President & CEO	**3,000**	**14,000**	2,000	15,000
Matthias Tröndle, Group CFO	**0**	**4,063**	0	2,813
Dr. Ulrich Döbler	**2,210**	**7,790**	2,210	7,400
Peter Maier	**1,672**	**7,625**	1,672	8,125
Dr. Urs Wälchli	**111**	**7,000**	111	8,000
Total Executive Management	**6,993**	**40,478**	5,993	41,338

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 2011. No such loans were outstanding as of December 31, 2011.

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

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

22 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 2, 2012, which represents the date when the consolidated financial statements were available to be issued.

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

As statutory auditors, we have audited the consolidated financial statements of INFICON Holding AG, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity, consolidated statement of cash flows and notes (pages 30 to 50) for the year ended December 31, 2011.

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, 2011 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

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

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

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

PricewaterhouseCoopers AG

Stefan Räbsamen Audit expert Auditor in charge	Cornelia Ritz Bossicard Audit expert

Zurich, March 2, 2012

BALANCE SHEET

INFICON HOLDING AG

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

ASSETS	December 31, 2011	December 31, 2010
Cash and cash equivalents	**3,543**	6,984
Other receivables – third parties	**28**	12
Receivables – subsidiaries	**1,123**	29
Prepaid expenses	**151**	—
Total current assets	**4,845**	7,025
Notes receivable – subsidiaries	**2,235**	4,510
Investments in subsidiaries	**300,218**	294,371
Total long-term assets	**302,453**	298,881
Total assets	**307,298**	305,906
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other payables – third parties	**13,900**	—
Payables – subsidiaries	**133**	—
Accrued liabilities	**699**	589
Notes payable – subsidiaries	**39,622**	—
Total current liabilities	**54,354**	589
Notes payable – subsidiaries	**—**	39,622
Total long-term liabilities	**—**	39,622
Total liabilities	**54,354**	40,211
Share capital; CHF 5 par value, 2,194,855 shares issued (2010: 2,174,843 shares issued)	**10,974**	10,874
Legal reserves		
General legal reserve	**2,589**	223,019
Legal reserves from capital contributions	**222,684**	—
Retained earnings	**16,697**	31,802
Total shareholders' equity	**252,944**	265,695
Total liabilities and shareholders' equity	**307,298**	305,906

STATEMENT OF INCOME

INFICON HOLDING AG

(CHF in Thousands)

Year ended December 31,	**2011**	2010
Income from investments in subsidiaries	**9,124**	15,137
Administrative expenses	**(1,478)**	(1,543)
Income from operations	**7,646**	13,594
Interest income	**170**	210
Interest expense	**(906)**	(899)
Foreign currency exchange loss	**(7)**	(509)
Other loss	**(743)**	(1,198)
Income before income taxes	**6,903**	12,396
Income tax expense	**(8)**	(7)
Net income	**6,895**	12,389

1 DESCRIPTION OF COMPANY

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

2 INVESTMENTS IN SUBSIDIARIES

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

Company	Currency	December 31, 2011	December 31, 2010
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 AB. **Linköping, Sweden**			
Share Capital	SEK	**3,810**	—
Ownership		**100%**	
Purpose: Manufacturing			
INFICON Ltd. **Blackburn, United Kingdom**		(in 1,000)	(in 1,000)
Share Capital	GBP	**400**	400
Ownership		**100%**	100%
Purpose: Sales			
INFICON S.A.R.L. **Courtaboeuf, France**			
Share Capital	EUR	**108**	108
Ownership		**100%**	100%
Purpose: Sales			
INFICON S.r.l. **Bozen, Italy**			
Share Capital	EUR	**10**	—
Ownership		**100%**	
Purpose: Sales			
INFICON Co., Ltd. **Yokohama-Shi, Japan**			
Share Capital	JPY	**400,000**	400,000
Ownership		**100%**	100%
Purpose: Sales			
INFICON Ltd. **Chubei City, Taiwan**			
Share Capital	TWD	**52,853**	52,853
Ownership		**100%**	100%
Purpose: Sales			
INFICON Ltd. **Bungdang-Ku, Korea**			
Share Capital	KRW	**600,000**	600,000
Ownership		**100%**	100%
Purpose: Sales			
INFICON Pte. Ltd. **Singapore**			
Share Capital	SGD	**1,797**	1,797
Ownership		**100%**	100%
Purpose: Sales			
INFICON Ltd. **Hong Kong**			
Share Capital	HKD	**8,780**	8,780
Ownership		**100%**	100%
Purpose: Sales			
INFICON (Guangzhou) Instruments Co., Ltd. **Guangzhou**			
Share Capital	RMB	**9,837**	9,837
Ownership		**100%**	100%
Purpose: Service			
INFICON Instruments (Shanghai) Co., Ltd. **Shanghai**			
Share Capital	USD	**2,180**	2,180
Ownership		**100%**	100%
Purpose: Manufacturing			
INFICON EDC Inc. **Syracuse, USA**			
Share Capital	USD	**	*
Ownership**		**100%**	100%
Purpose: Manufacturing, Sales and Service			

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

3 EQUITY

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

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

The percentages are calculated using registered shares per December 31, 2011 and 2010 of 2,194,855 and 2,174,843 respectively.

December 31,	**2011**	2010
KWE Beteiligungen AG	**20.07%**	19.78%
7-Industries Holding B.V.	**7.15%**	
Chase Nominees Ltd.	**5.45%**	4.42%
Sterling Strategic Value Limited	**5.01%**	7.98%
UBS Fund Management (Schweiz) AG	**4.20%**	4.06%
Pictet Funds SA		5.43%
Vontobel Fonds Services AG		4.47%

There were no other shareholders entered in the share register holding more than 3 percent of the voting rights at December 31, 2011.

Notifications received from shareholders:

– According to disclosure notifications filed with the Company Pictet Funds SA as licencee of various funds reduced its shareholding in INFICON Holding AG to 3.17% on March 9, 2011, and to 2.97% on April 20, 2011. On July 22, 2011, Pictet Funds SA increased its shareholding in INFICON Holding AG to 3.01%. On August 12, 2011, Pictet Funds SA reduced its shareholding in INFICON Holding AG to 2.79%.

– The Company was notified on March 17, 2011, that 7-Industries Holding B.V. held a shareholding of 5.18% in INFICON Holding AG.

– The Company was notified on June 6, 2011, that BlackRock Inc. reduced its indirect and direct shareholding in INFICON Holding AG to 2.94% on June 6, 2011.

– The Company was notified on December 29, 2011, that KWE Beteiligungen AG with the indirect holder Beat Frey has reduced its shareholding in INFICON Holding AG below 3%. A newly defined group of people consisting of Beat Frey, Brigitte Frey, Vanessa Frey and Alexandra Frey own as economic beneficiaries through KWE Beteiligungen AG 20.25% in INFICON Holding AG.

4 ISSUED, AUTHORIZED AND CONDITIONAL SHARE CAPITAL

Issued Share Capital / Share Capital Increase
During 2011, employees of INFICON exercised stock options which resulted in 20,012 new shares being issued and increased nominal share capital by CHF 100,060. The share premium thereon of CHF 2,090,291 has been credited to the legal reserves from capital contributions. At December 31, 2011, the number of issued INFICON Holding AG shares amounted to 2,194,855 (2010: 2,174,843) with a nominal value of CHF 5 each.

Conditional Share Capital
The articles of incorporation provide for a conditional capital of a maximum of CHF 1,042,155 through the issuance of 208,431 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. In 2011, employee stock options were exercised resulting in an increase in share capital of 20,012 shares. The remaining available balance of conditional share capital at December 31, 2011 is CHF 818,160 (2010: CHF 918,220).

5 DISCLOSURE OF MANAGEMENT COMPENSATION

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

6 CONTINGENT LIABILITIES

	December 31,	
In CHF 1,000	**2011**	2010
Guarantees in favor of affiliated companies	**11,668**	11,580

7 RISK ASSESSMENT DISCLOSURES REQUIRED BY SWISS LAW

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

APPROPRIATION OF AVAILABLE EARNINGS

(Proposal of the Board of Directors)

In CHF 1,000	December 31, 2011	2010
Transfer from general legal reserve		–
Resolution Annual General Meeting April 28, 2011	**242,431**	
Share premium on exercised stock options during 2011	**2,090**	
Distribution to shareholders	**(21,837)**	
Legal reserves from capital contributions	**222,684**	–

Retained earnings at beginning of year	**31,802**	28,019
Contribution to the general legal reserve	**(22,000)**	–
Dividend payment to shareholders	**–**	(8,606)
Net income	**6,895**	12,389
Retained earnings	**16,697**	31,802

Distribution from capital contribution reserve (2011: CHF 14.00 / 2010: CHF 10.00 each share)	**30,728**	(21,748)

The proposed amount represents an estimated amount. This will be adjusted to take into account any new shares entitled to a distribution from legal reserves which are issued subsequent to December 31, and prior to the date of the distribution.

REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

INFICON HOLDING AG

As statutory auditors, we have audited the financial statements of INFICON Holding AG, which comprise the balance sheet, income statement and notes (pages 52 to 55) for the year ended December 31, 2011.

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, 2011 comply with Swiss law and the company's articles of incorporation.

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

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

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

PricewaterhouseCoopers AG

Stefan Räbsamen
Audit expert
Auditor in charge

Cornelia Ritz Bossicard
Audit expert

Zurich, March 2, 2012

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 2011. 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.

2011 Annual Report

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