INFICON

ANNUAL REPORT 2009

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.

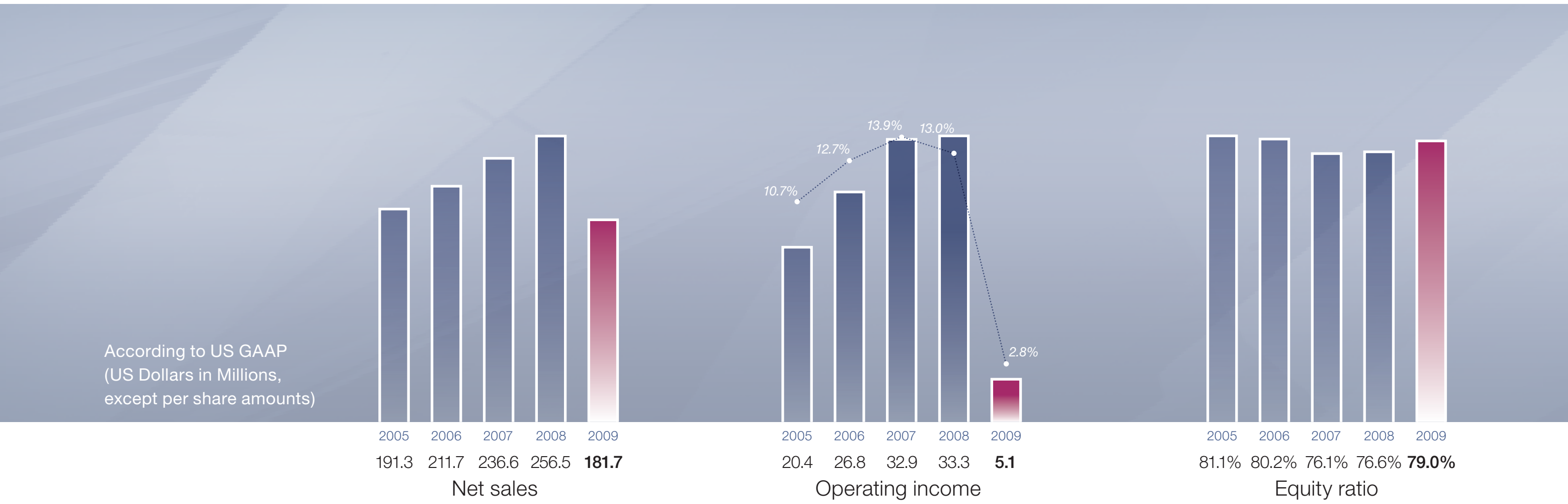
They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications.

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

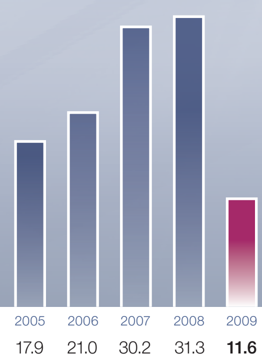
We also leverage our expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

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

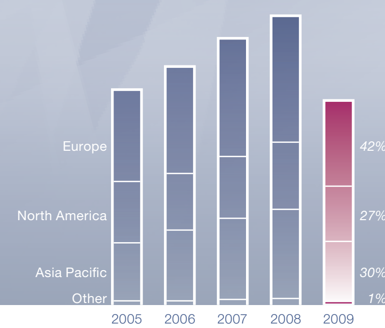
KEY FIGURES 5 YEARS



	2005	2006	2007	2008	2009
Net sales	191.3	211.7	236.6	256.5	**181.7**
Research and development	18.7	18.3	20.3	22.2	**20.0**
Selling, general and administrative	50.1	52.9	57.0	60.1	**50.7**
Operating income	20.4	26.8	32.9	33.3	**5.1**
in % of net sales	*10.7%*	*12.7%*	*13.9%*	*13.0%*	***2.8%***
EBITDA	24.5	32.7	38.9	39.2	**12.3**
in % of net sales	*12.8%*	*15.4%*	*16.5%*	*15.3%*	***6.8%***
Net income	15.5	22.0	24.8	24.3	**2.3**
Cash and short-term investments	72.3	67.6	39.3	45.8	**32.3**
Cash flow from operations	17.9	21.0	30.2	31.3	**11.6**
Capital expenditures	4.0	7.0	5.7	6.0	**8.7**
Total assets	181.3	194.3	181.6	181.3	**170.5**
Long-term debt	—	—	—	—	**—**
Shareholders' equity	147.1	155.8	138.3	138.9	**134.7**
Equity ratio in %	*81.1%*	*80.2%*	*76.1%*	*76.6%*	***79.0%***
Employees	713	795	891	876	**807**

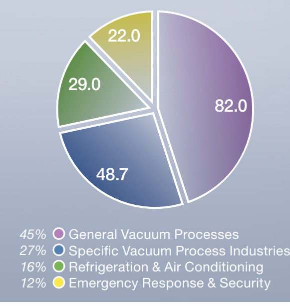


Cash flow from operations



(100%=USD 181.7 Mio.)

Direct sales by Geographic Region



(100%=USD 181.7 Mio.)

2009 sales by End Market

	2005	2006	2007	2008	2009
Ratios per Share					
Net income per share – diluted	6.64	9.30	10.70	11.26	**1.06**
Shareholders' equity per share – diluted	62.90	65.70	59.70	64.32	**62.67**
Free cash flow per share – diluted	5.92	5.92	10.60	11.68	**1.34**
Return on equity %	*10.55%*	*14.16%*	*17.91%*	*17.5%*	***1.7%***
Dividend per share (CHF)	5.00	6.00	8.00	6.00	**4.00***
Share price (CHF) at December 31,	174.00	192.00	182.50	87.80	**117.50**
					* As proposed to AGM
Direct sales by Geographic Region					
Europe	81.2	94.4	104.8	117.9	**76.8**
North America	54.6	50.4	54.0	54.9	**49.2**
Asia-Pacific	53.7	64.0	73.4	80.3	**54.3**
Other	1.8	2.9	4.4	3.4	**1.4**
Sales by End Market					
General Vacuum Processes	86.4	94.1	99.1	114.1	**82.0**
Specific Vacuum Process Industries	53.5	70.2	81.6	78.4	**48.7**
Refrigeration & Air Conditioning	29.7	29.1	38.6	36.1	**29.0**
Emergency Response & Security	21.7	18.3	17.3	27.9	**22.0**

TARGET MARKETS

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

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

	2005	2006	2007	2008	2009
CORPORATE	– Delist from Nasdaq	– CHF 5.00 dividend payment per share – Par value repayment of CHF 5.00 per share – China factory opening	– CHF 6.00 dividend payment per share – 10% share repurchase program completed	– CHF 8.00 dividend payment per share – Reduction of share capital following share buyback	– CHF 6.00 dividend payment per share for 2008 – CHF 4.00 proposed dividend payment per share for 2009
ACQUISITIONS		– Electro Dynamics Crystal Corp. (EDC)	– Maxtek Inc. – Sigma Instruments Inc.		– Verionix Inc.
TECHNOLOGY LEADERSHIP	– Leak detector based on quartz membrane technology for refrigeration market	– Vehicle-mounted chemical identification and detection system for the security market – HAPSITE SituProbe for water monitoring – FabGuard fault detection and control software for semiconductor manufacturing	– Sky digital high-temp vacuum gauge for semiconductor manufacturing – FabGuard FDC for fab-wide semiconductor process improvements – Sion Plasma Arc Detector for semiconductor manufacturing – Compass Refrigerant Leak 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

MAJOR EVENTS OF 2009

- JANUARY 16: Update of 2008 revenue expectations and announcement of cost reductions
- FEBRUARY 24: 8.4% higher sales and 1.8% lower net income for the financial year 2008
- APRIL 17: 44.7% lower sales and a net loss of USD 2.2 million for Q1
- MAY 5: INFICON shareholders approve the payout of a dividend of CHF 6.00 per share for 2008
- JUNE 30: Alignment of capacities to longer-term expected demand trend
- JULY 21: Stable sales in second quarter 2009 and cash flow from operations increase to USD 2.6 million
- OCTOBER 20: 18.6% sales increase over previous quarter and net income of USD 2.4 million for the third quarter 2009

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

The global financial crisis that initiated the most severe global recession of the last 50 years also affected INFICON's business. Shortly after the worldwide downturn at the end of 2008, INFICON experienced order and sales declines of up to 60% in some of its target markets. The Board of Directors together with Management quickly realized that this extraordinary situation, with a dramatic change in the world economy combined with very low market visibility, required extraordinary actions. INFICON closed the year 2009 with overall 29.2% lower sales of USD 181.7 million, yet income from operation of USD 5.1 million and a net income of USD 2.3 million.

As a result of the company's business review process, INFICON immediately initiated actions to align the cost structure to the changed business levels. The focus was on profitability and on the ability to rapidly adjust to future upturns. The cost cutting measures such as shortened work weeks, layoffs and expense reductions in every possible area, were quickly implemented throughout the whole organization. The profit sharing program, which was introduced a few years ago, proved to support the temporary reduction of cost levels. At the same time our fully committed sales team explored every market opportunity to gain additional market shares during the downturn.

EXPANDING MARKET POTENTIAL WITHIN CORE TECHNOLOGY

INFICON's strong balance sheet has enabled the company to maintain a strong focus on R&D and technology in order to be prepared for the coming upturn. INFICON has continuously been exploring new business opportunities within its core technology. Projects are carefully investigated and selected, sales channels are identified and market potential is closely verified. All these efforts lead to new products and new applications. These projects often influence company performance only after several years, due to the fact that some products need to be first designed into complex systems by our customers. Therefore, revenue generation only starts after these customers have successfully sold their systems to end users.

In 2009, INFICON made promising first steps towards new applications such as the mining industry, food and chemical processing, and LED-lighting systems with leading-edge instruments.

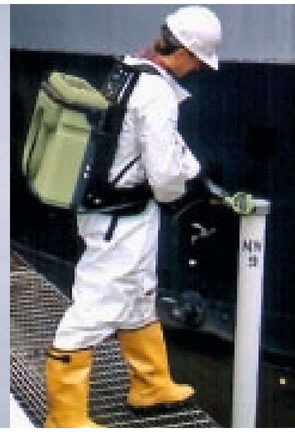
Within the company's organization the China factory is gaining importance. INFICON has increased its focus on the Chinese market and is considering new manufacturing projects for this factory.

MARKET ASSESSMENT: DEMAND INCREASE IN SEMICONDUCTOR & DISPLAYS IN THE FOURTH QUARTER

Sales to the Specific Vacuum Process Industries including the solar, display, optics, vacuum coating and semiconductor sectors were massively impacted by the global recession early in the economic cycle and reached its low in the first six months of the year. Compared to the previous year, INFICON experienced close to a 60% percent sales drop in this segment for the first quarter of 2009. While sales to these key industries had traditionally accounted for around one third of INFICON sales, recession compressed that portion to less than a fourth of overall sales during the first half-year 2009. From spring onwards, sales slowly gathered new momentum as the capacity utilization of chip manufacturers started to rise, especially driven by higher demand for memory chips. Sales from capital expenditure into new production equipment, however, remained slow until the last months of the year. In the fourth quarter, this market again accounted for over a third of INFICON's sales and for the full fiscal year 2009, 30% of consolidated sales. Despite these encouraging signs, it remains to be seen how sustainable the market recovery is and how much of the increased demand recorded towards year-end stems from reduced stock levels across the entire value chain or previously delayed capital expenditure. The solid demand for consumer entertainment electronics, PC sales and the increasing market interest in LED-lighting systems should have a positive impact in 2010. The market for solar panels suffers from the effects of recession as this energy source has become less competitive because of lower fossil fuel prices and as support from government programs weakens.

REFRIGERATION & AIR CONDITIONING SUPPORTED BY GOVERNMENTAL STIMULUS PROGRAMS

Sales to the Refrigeration & Air Conditioning markets were less affected than others by the recession because the after-sales service market came back quite early in the year, when the worst was over in the US real estate crisis. Year-over-year, INFICON achieved 20% lower revenues in this market which accounted for 16% of sales in 2009 compared with 14% the year before. In addition, this market experienced increased demand for household appliances, mainly fueled by government stimulus programs in China. INFICON has successfully positioned itself as the provider of benchmark technology for quality control in the manufacture of cooling components and the assembly of refrigerators, as well as in the automotive industry.



CONTINUING DEMAND FOR HAPSITE SYSTEMS

Sales to the Emergency Response & Security markets are traditionally influenced by the timing of larger orders from government agencies around the world. While this leads to fluctuating quarterly figures, the total sales volume recorded over the year declined by 19%, thus less than overall Group sales. INFICON is confident it will secure existing and new opportunities in defense and civil application markets. The ability to analyze environmental parameters in air, water and soil is becoming a growing need around the world and, in particular, within the emerging markets of Asia. In addition, we are targeting new niche markets such as petrochemical and natural gas refinery and transportation. INFICON is therefore expanding its family of HAPSITE sensors with the planned acquisition of the micro gas chromatography business line from Agilent Technologies, Inc.

SMALL SALES INCREASE IN GENERAL VACUUM PROCESSES IN SECOND HALF OF THE YEAR

Sales to the General Vacuum Processes market decreased drastically in the first half of the year. From summer onwards, certain industries within the broad array of end markets we serve in this area started to pick up again, resulting in sequentially rising sales volumes. Nevertheless, INFICON ended the year in this market with 28% lower sales level than the year before. The General Vacuum Processes business is largely focused on Europe, and therefore only started to show first and encouraging signs of recovery towards year-end.

OUTLOOK

While we see encouraging signs of a gradual recovery, a sound estimate of future market developments remains difficult. There are still risks and uncertainties in the world economy caused by the global financial and economic crisis. Due to this and the uncertain speed of a wide-reaching recovery, INFICON remains cautious and assures that it will maintain a very strong balance sheet and keep costs under control. The next quarters will show how sustainable the market upturn will be, but INFICON is well prepared to react to any market development. However we continue to invest in important projects to secure our long-term profitable growth strategy.

The Board of Directors of INFICON intends to propose a cash dividend of CHF 4.00 per share for 2009 at the May 10, 2010 Annual General Meeting of Shareholders. The continuation of an active, long-term oriented dividend policy demonstrates the Board of Directors' confidence in INFICON's strategic position and successful business model.

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

We would like to thank all our business partners, customers and shareholders for their ongoing support and confidence in 2009. Board and Management remain committed to guide INFICON safely through any market challenges and appreciate the valuable support we continually receive from all our employees, subcontractors, colleagues and stakeholders.

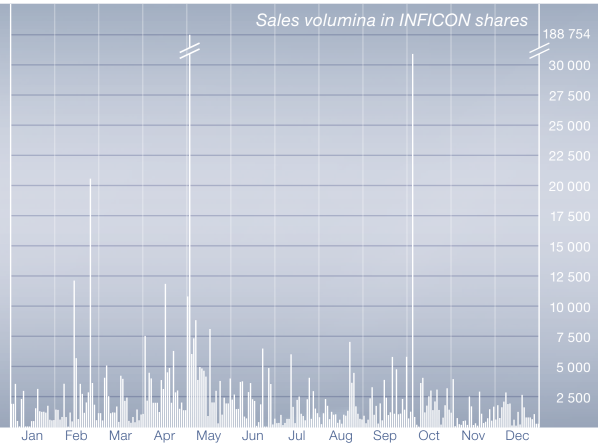
Thank you all for your contributions to the success of INFICON.

Sincerely,

Gustav Wirz
Chairman of the Board of Directors

Lukas Winkler
President and Chief Executive Officer

INVESTOR RELATIONS



COMPANY CAPITAL

The share capital of INFICON Holding AG consists of 2,150,056 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 22, 2010 First quarter results
May 10, 2010 Annual General Meeting of Shareholders
August 6, 2010 Second quarter results
October 21, 2010 Third quarter results
March 2011 Fourth quarter / Year-end results

INTERNET/E-MAIL ALERTS

E-mail Alerts: The latest financial information from INFICON can automatically be sent via E-mail Alert; sign up is available in the Investor Relations section of the INFICON website www.inficon.com

	2005	2006	2007	2008	2009
Key figures per share (CHF)					
Price at year end	174.00	192.00	182.50	87.80	**117.50**
Highest price	193.00	199.00	231.50	184.50	**134.20**
Date	*Oct. 4*	*Dec. 22*	*Jul. 19*	*Jun. 3*	***Oct. 23***
Lowest price	82.00	121.10	175.00	80.05	**68.00**
Date	*Jan. 3*	*Jun. 13*	*Dec. 25*	*Dec. 19*	***Mar. 10***
Earnings per share	6.64	9.30	10.70	11.26	**1.06**
Equity per share	62.90	65.70	59.70	64.32	**62.67**
Gross dividend	5.00	6.00	8.00	6.00	**4.00***
Taxable values of traded securities	174.00	192.00	182.50	87.80	**117.50**

* As proposed to AGM

GLOBAL PRESENCE

27% Sales in North America
310 Employees in North America

42% Sales in Europe
356 Employees in Europe

30% Sales in Asia-Pacific
141 Employees in Asia-Pacific

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

1 **INFICON AG**
Balzers, Liechtenstein

2 **INFICON Inc.**
Syracuse, NY, USA

3 **INFICON EDC Inc.**
Overland Park, KS, USA

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

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

2 **INFICON GmbH**
Bad Ragaz, Switzerland

6 **INFICON GmbH**
Cologne, Germany

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

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

3 **INFICON Pte. Ltd.**
Singapore

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

5 **INFICON Ltd.**
Hong Kong

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

7 **INFICON Ltd.**
Bungdang, Korea

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

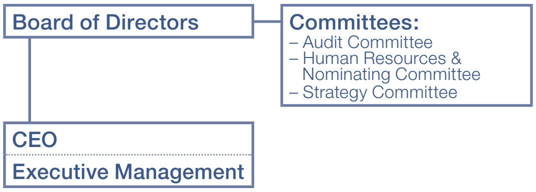
7 **INFICON Instruments Shanghai Co. Ltd.**
Shanghai, China

Group Administration/Management
Manufacturing
Sales

GROUP ORGANIZATION

(per March 15, 2010)

From left to right: Board of Directors, CEO and CFO:
Mario Fontana, Lukas Winkler (CEO), Gustav Wirz (Chairman), Matthias Tröndle (CFO), Dr. Thomas Staehelin, Dr. Richard Fischer, Paul Otth



Board of Directors	Gustav Wirz Paul Otth Dr. Richard Fischer Mario Fontana 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 Gustav Wirz	Chair	
Human Resources and Nominating Committee	Dr. Richard Fischer Mario Fontana Dr. Thomas Staehelin	Chair	
Strategy Committee	Mario Fontana Dr. Richard Fischer Paul Otth	Chair	
Executive Management	Lukas Winkler Matthias Tröndle Peter Maier Dr. Ulrich Döbler Dr. Urs Wälchli	President, Chief Executive Officer Vice President, 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 March 25, 2002. The principles and rules of INFICON Holding AG on corporate governance are laid down in the Articles of Incorporation, Organizational Regulations and the Regulations of the board committees of INFICON Holding AG.

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

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

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Operational Group Structure
For further information refer to page 12.

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

Listed Corporation: INFICON Holding AG
INFICON Holding AG is based in Bad Ragaz, Switzerland. It has share capital of TCHF 10,750 made up of 2,150,056 shares with a nominal value of CHF 5 each. Registered shares are listed on the SIX Swiss Exchange under security number 1102994, ISIN CH0011029946 and symbol IFCN.

Market capitalization at December 31, 2009 was TCHF 252,632 based on shares outstanding.

Share Capital and Percentage of Shares Held by Subsidiaries
Refer to statutory financial statements, Note 2, “Investments in Subsidiaries”.

1.2 SIGNIFICANT SHAREHOLDERS

Stockholder Structure
Based on number of registered stockholders as of December 31, 2009.

Number of shares	Number of stockholders
> 50,000	5
10,000–50,000	21
1–9,999	1,158
Total	1,184

Stockholders by Country
Based upon number of registered stockholders as of December 31, 2009.

Country	Number of stockholders
Switzerland	1,015
Germany	50
United States of America	47
Liechtenstein	23
Rest of Europe	38
Rest of World	11
Total	1,184

Major Stockholders
For further information refer to 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, 2009:

Issued share capital	2,150,056	TCHF 10,750
Conditional share capital	208,431	TCHF 1,042

The issued share capital comprises 2,150,056 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 1,064 through the issuance of 212,794 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, 2009, a total of 4,363 options have been exercised reducing the available conditional shares to 208,431 and the conditional share capital to TCHF 1,042.

2.3 CHANGES IN STOCKHOLDERS' EQUITY

Changes in stockholders' equity are presented in the consolidated statements of stockholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2009 and 2008. For the year ended 2007, please refer to the 2007 Annual Report.

2.4 SHARES

For further information refer to Note 2.1, "Capital". 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, 2009 a total of 147,061 options. These options entitle holders to acquire a total of 147,061 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 735. For a more detailed discussion of stock option plans, refer to Notes to Consolidated Financial Statements, Note 18, "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 filing, has established an Audit Committee, a Strategy Committee, and a Human Resources and Nominating Committee. Each of these committees has regulations, which outline its duties and responsibilities. The Board of Directors elects the Chairman for each committee. The committees meet regularly carrying out preparatory work to provide the Board of Directors with updates and recommendations at its regular meetings. Their respective chairperson sets the agendas for the committee meetings. The length of the meetings range from an hour up to an entire day, depending on the agenda as decided by the chairman.

The Audit Committee

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

Dr. Thomas Staehelin, Chairman
Paul Otth
Gustav Wirz

The responsibilities of the Audit Committee include:

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

The Human Resources and Nominating Committee

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

Dr. Richard Fischer, Chairman
Mario Fontana
Dr. Thomas Staehelin

The Strategy Committee

This Committee is responsible for advising the Board on the long-term strategy and how to portray INFICON's strategy to shareholders and the investment community. The Strategy Committee consists of three non-executive members of the Board of Directors. Currently, the Strategy Committee is comprised of the following members:

Mario Fontana, Chairman
Dr. Richard Fischer
Paul Otth

Frequency of Meetings of the Board of Directors and its Committees

The Board of Directors holds four or more meetings per year and additional ad hoc meetings and conference calls as necessary. The Audit Committee holds four meetings per year in addition to 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 Board meetings, travel time as well as various separate meetings:

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

Number of meetings and conference calls in 2009:

	Board of Directors	Audit Committee	Human Resources and Nominating Committee	Strategy Committee
Number of meetings in 2009	4	4	4	4
Approx. average duration of meetings (in hours)	3.5	1.0	1.0	2.5
Richard Fischer	4	4	4	4
Mario Fontana	4	4	4	4
Paul Otth	4	4	4	4
Thomas Staehelin	4	4	4	4
Gustav Wirz	4	4	4	4
PricewaterhouseCoopers		2		
Number of conference calls in 2009	1	3		
Approx. average duration of conference calls (in hours)	1.5	1.5		
Richard Fischer	1	2		
Mario Fontana	1	3		
Paul Otth	1	2		
Thomas Staehelin	1	3		
Gustav Wirz	1	3		
PricewaterhouseCoopers	1	3		

The meetings took place in various locations.

The Company's Board of Directors includes:

GUSTAV WIRZ, Citizen of Switzerland, 1945

Chairman of the Board of Directors, Member Audit Committee

Educational Background

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

Executive Experience

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

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

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

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

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 Audit Committee, Member Strategy Committee

Educational Background

1972 Swiss Certified Public Accountant

Executive Experience

1962–1965 Elektrodenfabrik Oerlikon Bührle, Financial and Cost Accounting

1965–1967 Zürcher Kantonalbank, Traditional Banking and Internal Audit

1968–1974 Neutra Treuhand, Consulting and Auditing

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

1988–1989 Budliger Treuhand, Partner

1989–1996 Landis & Gyr

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

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

1994–1996 CFO and member of the Group Executive Board

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

Previous Board Mandates
1998–2008 SBB, Swiss Railways, 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 Human Resources and Nominating Committee, Member Strategy Committee

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

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

Previous Board Mandates
2008–2009 Netservice AG, Chairman

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

MARIO FONTANA, Citizen of Switzerland, 1946

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

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

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

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

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

THOMAS STAEHELIN, Citizen of Switzerland, 1947

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

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

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

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

Current Board Mandates

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

Good Citizenship Mandates

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

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 2010
Mario Fontana	May 2003	May 2010
Paul Otth	November 2000	May 2010
Thomas Staehelin	May 2001	May 2010
Gustav Wirz	May 2004	May 2010

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

Refer to page 12.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

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

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

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

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

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

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

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

4 SENIOR MANAGEMENT

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

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

LUKAS WINKLER, Citizen of Switzerland, 1962

President and Chief Executive Officer (since January 2004)

Educational Background

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

Executive Experience

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

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

MATTHIAS TRÖNDLE, Citizen of Germany, 1960

Vice President and Chief Financial Officer (since September 2008)

Educational Background

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

Executive Experience

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

PETER MAIER, Citizen of Germany, 1962

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

Educational Background

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

Executive Experience

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

ULRICH DÖBLER, Citizen of Germany, 1955

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

Educational Background

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

Executive Experience

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

URS WÄLCHLI, Citizen of Switzerland, 1961

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

Educational Background

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

Executive Experience

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

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

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

Refer to Note 4.1 for any activities and vested interests.

4.3 MANAGEMENT CONTRACTS

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

5 COMPENSATION, SHAREHOLDINGS AND LOANS

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

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

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

For further information refer to Notes to Consolidated Financial Statements, Note 21, “Additional Information Required by Swiss Law”. In addition, any other information regarding content and method of determining compensation and shareholding programs are available on the Group’s website www.inficon.com.

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 1,000 have the right to request in writing, at least 50 days prior to the day of the respective shareholders’ meeting, that a specific proposal be discussed and voted upon at such shareholders’ meeting.

6.5 ENTRIES INTO THE SHARE REGISTER

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

7 CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The Company’s Articles of Incorporation do not include “opting-out” or “opting-up” clauses and accordingly under Article 32 of the Swiss Securities Exchanges and Securities Trading Act a shareholder who acquires

33⅓% or more of the Company's shares is obliged to submit a public offer for the remaining shares.

7.2 CLAUSES ON CHANGES OF CONTROL

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

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

8 AUDITORS

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

Statutory auditors pursuant to Art. 727 and 728, respectively, of the Swiss Code of Obligations is PricewaterhouseCoopers AG, 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 2009 audit were approximately TUSD 552 (TCHF 572).

8.3 ADDITIONAL FEES

Fees paid for non-audit services, consisting of tax services, rendered during 2009 were approximately TUSD 71 (TCHF 74).

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 2009 the audit firm attended three conference calls and two meetings in person (refer to 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 April following the year end closing. Income statements and balance sheets are prepared on a quarterly basis. A 2009 half-year report was published in September 2009. Information available for investors can be found on www.inficon.com.

INCOME STATEMENT

Net Sales

Net Sales decreased by MUSD 74.8 or 29.2% to MUSD 181.7 in 2009 from MUSD 256.5 in 2008, with minimal impact from changes in currency exchange rates. The General Vacuum Processes market had the largest decrease of MUSD 32.4, representing a 28.4% decrease from 2008. Sales to the Specific Vacuum Process Industries market decreased MUSD 29.7 or 37.9% from 2008, driven by a sharp decrease of sales to semiconductor and equipment manufacturers in 2009 across all regions. Sales to the Refrigeration & Air Conditioning (RAC) market decreased by MUSD 7.1 or 19.7% from 2008 as a result of lower demand from RAC manufacturers, mainly in Europe and the US. Sales to the Emergency Response & Security market showed a decrease of MUSD 5.9 or 21.1%, primarily resulting from lower sales in Europe and Asia partially compensated by higher sales in North-America.

Gross Profit

Gross profit margin was 41.7% for 2009 versus 45.1% for 2008. This decrease resulted from lower absorption of manufacturing overhead on significantly lower sales volume as well as one-time charges for headcount reductions and inventory adjustments.

Research and Development

Research and development costs decreased to MUSD 20.0 from MUSD 22.2 in 2008, with changes in currency exchange rates representing MUSD 0.4 of the decrease. The MUSD 2.2 decrease reflects general cost savings and lower third party spending partially compensated by one-time charges for early retirement and headcount reductions. The Company still maintained focus on new product development and the spending on research and development as a percentage of net sales ended at 11.0% in 2009 versus 8.7% in 2008.

Selling, General and Administrative (SGA)

SGA expenses decreased to MUSD 50.7 in 2009 from MUSD 60.1 in 2008, with changes in currency exchange rates representing MUSD 0.4 of the decrease. The decrease reflects our efforts to reduce our cost base, partially compensated by one-time charges for early retirement, headcount reductions and accounts receivable adjustments. SGA spending as a percentage of net sales increased to 27.9% from 23.4% in 2008.

Income from Operations

Income from Operations decreased significantly to MUSD 5.1 or 2.8% of net sales for 2009 from MUSD 33.3 or 13.0% of net sales for 2008. The profitability was heavily impacted by the sharp sales decline and one time costs.

Other Expense

Other expense was MUSD 0.3 for 2009 as compared to other expense of MUSD 1.0 for 2008. Foreign currency losses accounted for MUSD 0.2 of the expense for 2009 versus MUSD 1.8 in 2008. In 2008 the expense was partly offset by higher other income of MUSD 0.8 which primarily consisted of earn-out payments from the sale of the Diffusion Pump business.

Interest Income

Interest income dropped to MUSD 0.1 for 2009 versus 0.5 MUSD for 2008. The reduction is primarily due to lower interest rates for all currencies held, while the average monthly cash balance of MUSD 36 for 2009 was relatively stable and only slightly lower compared to MUSD 37 in 2008.

Provision for Income Taxes

Provision for income taxes fell to MUSD 2.6, or 53.0% of income before taxes for 2009 from a provision of MUSD 8.5, or 25.8% of income before income taxes for 2008. This higher effective tax rate was driven by a valuation allowance for previously capitalized Deferred Taxes of MUSD 1.0 and a more unfavorable mix in earnings and tax rates among the Company's different tax jurisdictions.

BALANCE SHEET AND CASH FLOW

Trade accounts receivable, net increased by MUSD 2.9 to MUSD 29.7 at December 31, 2009 as compared to MUSD 26.8 at December 31, 2008. This increase was primarily driven by higher sales in the last months of 2009 compared to the end of 2008 when we started to see the impacts of the worldwide economic crisis. Days sales outstanding improved slightly and ended at 48.9 days for 2009 versus 49.8 days for 2008 using a 4-point average of quarter-end balances.

Inventories, net decreased by MUSD 8.0 to MUSD 22.8 at December 31, 2009 as compared to MUSD 30.8 at December 31, 2008. Inventory turns remained nearly flat at 4.1 in 2009 versus 4.3 in 2008 using a 4-point average of quarter-end inventory balances.

Goodwill increased by MUSD 5.1 to MUSD 18.6 mainly due to the recognition of goodwill related to the acquisition of Verionix Inc.

Accrued liabilities decreased by MUSD 7.2 to MUSD 14.7 at December 31, 2009. The decrease was driven primarily by lower salaries, bonus, and commission accruals.

Cash and short term investments at December 31, 2009 totaled MUSD 32.3, a decrease of MUSD 13.6 when compared to December 31, 2008. The decrease resulted mainly from significantly lower net income MUSD (22.0). Net cash used in investing activities was significantly higher in 2009 with MUSD (13.2) versus MUSD 1.2 in 2008. This was primarily driven by higher short-term investments and higher purchases of property, plant and equipment. The Company generated again a strong cash flow in the second half of 2009 and reached positive cash flow from operating activities of MUSD 11.6 in 2009 versus MUSD 31.3 in 2008.

CONSOLIDATED BALANCE SHEET

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

ASSETS	Note	December 31, 2009	December 31, 2008
Cash and cash equivalents		**30,152**	45,842
Short-term investments		**2,115**	—
Trade accounts receivable, net		**29,748**	26,753
Inventories, net	5	**22,791**	30,788
Deferred tax assets	15	**4,660**	5,648
Other current assets		**4,694**	4,792
Total current assets		**94,160**	113,823
Property, plant and equipment, net	6	**28,224**	25,902
Deferred tax assets	15	**23,221**	24,276
Goodwill	7	**18,582**	13,442
Intangible assets, net	8	**1,907**	1,909
Other non-current assets		**4,395**	1,946
Total non-current assets		**76,329**	67,475
Total assets		**170,489**	181,298
LIABILITIES AND STOCKHOLDERS' EQUITY			
Trade accounts payable		**6,210**	6,172
Short-term borrowings	9	**2,406**	4,740
Accrued liabilities	10	**14,730**	21,963
Income taxes payable		**69**	627
Deferred tax liabilities	15	**211**	—
Total current liabilities		**23,626**	33,502
Deferred tax liabilities	15	**293**	206
Other non-current liabilities		**11,825**	8,685
Total non-current liabilities		**12,118**	8,891
Total liabilities		**35,744**	42,393
Common stock (2,150,056 in 2009 and 2,145,693 in 2008 shares issued / 2,150,056 in 2009 and 2,145,693 in 2008 shares outstanding; par value CHF 5)	17	**6,021**	6,009
Additional paid-in capital		**66,144**	65,048
Retained earnings		**57,508**	66,984
Accumulated other comprehensive income		**5,072**	864
Total stockholders' equity		**134,745**	138,905
Total liabilities and stockholders' equity		**170,489**	181,298

CONSOLIDATED STATEMENT OF INCOME

(US Dollars in Thousands, except per share amounts)

Year ended December 31,	Note	2009	2008
Net sales	19	**181,696**	256,489
Cost of sales		**105,916**	140,808
Gross profit		**75,780**	115,681
Research and development		**19,999**	22,228
Selling, general and administrative		**50,689**	60,125
Operating income		**5,092**	33,328
Interest expense (income), net		**(64)**	(475)
Other expense (income), net		**328**	1,019
Income before income taxes	15	**4,828**	32,784
Provision for income taxes	15	**2,558**	8,473
Net income		**2,270**	24,311
Earnings per share:	20		
Basic		**1.06**	11.34
Diluted		**1.06**	11.26

CONSOLIDATED STATEMENT OF STOCKHOLDERS' 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 stockholders' equity
Balance at December 31, 2007		5,996	63,488	59,249	9,519	138,252
Net income				24,311		24,311
Other comprehensive income:						
Unrealized gain on foreign currency hedges, net of income taxes (USD (40))	12				37	37
Unrecognized expense related to pensions, net of tax (USD 3,482)	14, 16				(9,688)	(9,688)
Foreign currency translation adjustments	2				996	996
Total comprehensive income						15,656
Issuance of common stock from exercise of stock options	18	13	449			462
Stock-based compensation	18		1,111			1,111
Dividends paid (CHF 8 per share)				(16,576)		(16,576)
Balance at December 31, 2008		6,009	65,048	66,984	864	138,905
Net income				2,270		2,270
Other comprehensive income:						
Unrealized gain on foreign currency hedges, net of income taxes (USD (58))	12				104	104
Unrecognized expense related to pensions, net of tax (USD 479)	14, 16				3,837	3,837
Foreign currency translation adjustments	2				267	267
Total comprehensive income						6,478
Issuance of common stock from exercise of stock options	18	12	207			219
Stock-based compensation	18		889			889
Dividends paid (CHF 6 per share)				(11,746)		(11,746)
Balance at December 31, 2009		6,021	66,144	57,508	5,072	134,745

CONSOLIDATED STATEMENT OF CASH FLOWS

(US Dollars in Thousands)

Year ended December 31,	Note	2009	2008
Cash flows from operating activities:			
Net income		**2,270**	24,311
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	*21*	**6,695**	6,210
Amortization	*21*	**864**	691
Deferred taxes		**1,962**	4,006
Stock-based compensation	*18*	**889**	1,111
Changes in operating assets and liabilities, excluding effects from acquisition:			
Trade accounts receivable		**(2,827)**	7,662
Inventories		**8,336**	153
Other assets		**(7,702)**	(1,182)
Trade accounts payable		**3**	(1,244)
Accrued liabilities		**(5,619)**	(539)
Income taxes payable		**(591)**	(4,529)
Other liabilities		**7,316**	(5,386)
Net cash provided by operating activities		**11,596**	31,264
Cash flows from investing activities:			
Purchases of property, plant and equipment		**(8,708)**	(6,033)
Acquisitions of businesses net of cash acquired	*4*	**(2,330)**	(2,937)
Change in short-term investments		**(2,115)**	10,205
Net cash provided by (used in) investing activites		**(13,153)**	1,235
Cash flows from financing activities:			
Cash dividend paid		**(11,746)**	(16,576)
Increase in short-term borrowings net	*9*	**(2,334)**	471
Proceeds from exercise of stock options	*18*	**219**	462
Net cash used in financing activities		**(13,861)**	(15,643)
Effect of exchange rate changes on cash and cash equivalents		**(272)**	4
Change in cash and cash equivalents		**(15,690)**	16,860
Cash and cash equivalents at beginning of period		**45,842**	28,982
Cash and cash equivalents at end of period		**30,152**	45,842

(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.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

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

Significant Accounting Policies and Estimates

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

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 733 and USD 592 at December 31, 2009 and 2008, 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 specific customer sales of the years in USD:

	2009	2008
Customer A	31,408	40,956
Customer B	17,494	30,788

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out method. The reserve for estimated obsolescence or unmarketable inventory is equal to the difference between the cost of inventory and the estimated fair value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required. The reserve for excess and obsolete inventories was USD 5,062 and USD 4,661 as of December 31, 2009 and 2008, 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 15, “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.

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. Refer to Note 16, “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 251 in 2009 and USD 450 in 2008 are expensed as incurred.

Stock-Based Compensation

The Company uses the modified prospective method in accordance with FASB ASC 718, "Compensation – Stock Compensation" (formerly referenced as Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment"). Under this method, awards that are granted, modified, or settled after December 31, 2005, are measured and accounted for in accordance with ASC 718. The expense is recognized for unvested awards that were granted prior to January 1, 2006, based upon the fair value determined at the grant date under ASC 718. Stock based compensation expense is recognized ratably over the requisite service period for all awards. Refer to Note 18, "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 stockholders' equity. Gains and losses from foreign currency transactions are reported in the statement of income under other expense (income), net.

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

	Period-end rates		Average rates	
Currency	**2009**	2008	**2009**	2008
Swiss Franc	**0.9636**	0.9473	**0.9236**	0.9264
Euro	**1.4333**	1.4097	**1.3946**	1.4713
Japanese Yen	**0.0108**	0.0111	**0.0107**	0.0097
Hong Kong Dollar	**0.1290**	0.1290	**0.1290**	0.1284
Korean Won	**0.0007**	0.0008	**0.0007**	0.0009

Impairment of Long-Lived Assets

In accordance with FASB ACS 360, "Property, Plant, and Equipment" (formerly referenced SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"), long-lived assets to be held and used by an entity are to be reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value to fair value.

Software Cost

The Company capitalizes internal-use software development costs in accordance with the provisions of FASB ASC 350-40, "Internal Use Software" (formerly AICPA SOP 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use"). The capitalized cost is amortized beginning when it is placed into service on a straight-line basis over its estimated life.

Reclassification

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

Recent Accounting Pronouncements

Pronouncements not yet Effective:

Effective January 1, 2008, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" (formerly referenced as Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements"), which defines fair value, provides a framework for measuring fair value, and expands the disclosures required for fair value measurements. In February 2008, the FASB issued supplemental guidance that delays the effective date of this new fair value accounting standard to fiscal years beginning after November 15, 2009 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and will be adopted by the Company beginning in the first quarter of 2010. Although the Company will continue to evaluate the application of this accounting standard, management does not currently believe adoption of this accounting pronouncement will have a material impact on the Company's financial position or operating results.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140" (SFAS 166). As of December 31, 2009, SFAS 166 has not been incorporated within the FASB ASC. SFAS 166 removes the concept of a qualifying special-purpose entity and establishes a new "participating interest" definition that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the de-recognition criteria for a transfer to be accounted for as a sale, and changes the amount that can be recognized as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. Enhanced disclosures are also required to provide information about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. This statement must be applied as of the beginning of an entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The new standards will impact balance sheet January 1, 2010. The Company is currently evaluating the effect of adoption of SFAS 166 but does not presently believe that it will have a material impact on its results of operations or financial position.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" (SFAS 167). As of December 31, 2009, SFAS 166 has not been incorporated within the FASB ASC. SFAS 167 amends previous accounting related to the Consolidation of Variable Interest Entities (VIE) to require an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the entity (1) has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. Also, SFAS 167 requires an ongoing reconsideration of the primary beneficiary, and amends the events that trigger a reassessment of whether an entity is a VIE. Enhanced disclosures are also required to provide information about an enterprise's involvement in a VIE. This statement will be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The new standards will impact balance sheet January 1, 2010. The Company is currently evaluating the effect of adoption of SFAS 167 but does not presently believe that it will have a material impact on its results of operations or financial position.

In September 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)". This ASU provides amendments for the fair value measurement of investments to create a practical expedient to measure the fair value of an investment in certain entities on the basis of the net asset value per share of the investment (or its equivalent) determined as of the reporting entity's measurement date. Therefore, certain attributes of the investment (such as restrictions on redemption) and transaction prices from principal-to-principal or brokered transactions will not be considered in measuring the fair value of the investment if the practical expedient is used. The amendment in this ASU also requires disclosures by major category of investment about the attributes of those investments, such as the nature of any restrictions on the investor's ability to redeem its investments at measurement date, any unfunded commitments, and the investment strategies of the investees. The amendments in this ASU are effective for interim and annual periods ending after December 15, 2009. The Company is currently evaluating this new ASU but does not presently believe that it will have a material impact on its results of operations or financial position.

In October 2009, the FASB issued ASU No. 2009-13, "Multiple-Deliverable Revenue Arrangements". This ASU establishes the accounting and reporting guidance for arrangements including multiple revenue-generating activities. This ASU provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. The amendments in this ASU also establish a selling price hierarchy for determining the selling price of a deliverable. Significantly enhanced disclosures are also required to provide information about a vendor's multiple-deliverable revenue arrangements, including information about the nature and terms, significant deliverables, and its performance within arrangements. The amendments also require providing information about the significant judgments made and changes to those judgments and about how the application of the relative selling-price method affects the timing or amount of revenue recognition. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company is currently evaluating this new ASU but does not presently believe that it will have a material impact on its results of operations or financial position.

In October 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements". This ASU changes the accounting model for revenue arrangements that include both tangible products and software elements that are "essential to the functionality," and scopes these products out of current software revenue guidance. The new guidance will include factors to help companies determine what software elements are considered "essential to the functionality." The amendments will now subject software-enabled products to other revenue guidance and disclosure requirements, such as guidance surrounding revenue arrangements with multiple-deliverables. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company is currently assessing the impact of these amendments to the ASC on its accounting and reporting systems and processes; however, at this time the Company is unable to quantify the impact on its financial statements of its adoption or determine the timing and method of its adoption.

Pronouncements Adopted during 2009:
In December 2007, the FASB issued ASC 805, “Business Combinations” (formerly referenced as SFAS No. 141 (revised 2007), “Business Combinations”), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree in a business combination. This new accounting standard also establishes principles regarding how goodwill acquired in a business combination or a gain from a bargain purchase should be recognized and measured, as well as provides guidelines on the disclosure requirements on the nature and financial impact of the business combination. In April 2009, the FASB amended this new accounting standard to require that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value, if the fair value can be determined during the measurement period. The Company has adopted this ASU January 1, 2009 prospectively to any business combinations completed on or after the date. Refer to Note 4, “Acquisitions” for further information.

In December 2007, the FASB issued ASC 810, “Consolidation” (formerly referenced as SFAS No. 160, “Non-controlling Interests in Consolidated Financial Statements — an amendment of ARB No. 51”). ASC Topic 810 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of non-controlling interests (minority interests) as equity in the consolidated financial statements and separate from the parent’s equity. The amount of net income attributable to non-controlling interests will be included in consolidated net income on the face of the income statement. The Company has evaluated this ASU and has determined there are no significant impacts to its financial statements from the adoption of this pronouncement.

In March 2008, the FASB issued ASC 815, “Derivatives and Hedging” (formerly referenced as SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133”), which requires additional disclosures about the Company’s objectives and strategies for using derivative instruments, how the derivative instruments and related hedged items are accounted for, and how the derivative instruments and related hedged item affect the financial statements. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedge items are accounted for and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. The Company adopted this standard in the first quarter of 2009 and the adoption had no material impact on its results of operations or financial position.

In April 2009, the FASB issued ASC 820, “Fair Value Measurements and Disclosures” (formerly referenced as FSP FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly”). This accounting standard provides guidance on how to determine the fair value of assets and liabilities when there is no active market or where the price inputs being used represent distressed sales. Specifically, it reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. The Company adopted this accounting standard in the second quarter of 2009 and the adoption had no material impact on its results of operations or financial position.

In May 2009, the FASB issued ASC 855, “Subsequent Events” (formerly referenced as SFAS No. 165, “Subsequent Events”). ASC Topic 855 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC Topic 855 requires the disclosure of the date through which an entity has evaluated subsequent events, as well as whether the date is the date the financial statements were issued or the date the financial statements were available to be issued. The Company adopted ASC Topic 855 in the second quarter of 2009. Refer to Note 22, “Subsequent Events” for further information.

In December 2008, the FASB issued ASC 715, “Compensation-Retirement Benefits” (formerly referenced as FSP FAS 132(R)-1, “Employer’s Disclosures about Postretirement Benefit Plan Assets”). Topic ASC 715 provides guidance which requires additional disclosures for fiscal years ending after December 15, 2009, with regards to: (1) how investment allocation decisions are made by management, (2) major categories of plan assets, (3) significant investment strategies of investment funds disclosed as major categories of plan assets, (4) significant concentrations of risk, and (5) basis used to determine the overall expected long-term rate-of-return-on-assets assumption. Additionally, the accounting standard requires an employer to disclose information about the valuation of plan assets similar to that required under ASC 820, "Fair Value Measurements and Disclosures". Those disclosures include: (1) information about the inputs and valuation techniques used to develop fair value measurements of plan assets (2) the level within the fair value hierarchy in which the fair value measurements fall, and (3) a reconciliation of the beginning and ending balances of plan assets valued using significant unobservable inputs (level 3 under ASC 820-10-50). Topic ASC 715 is only applicable to full-year financial statements. Upon initial application, the provisions of this guidance are not required for earlier periods that are presented for comparative purposes. The Company adopted this ASU fourth quarter of 2009. Refer to Note 16, "Employee Benefit Plans" for further information.

In August 2009, the FASB issued ASU No. 2009-05, "Measuring Liabilities at Fair Value". This ASU clarifies the application of certain valuation techniques in circumstances in which a quoted price in an active market for the identical liability is not available and clarifies that when estimating the fair value of a liability, the fair value is not adjusted to reflect the impact of contractual restrictions that prevent its transfer. The Company adopted the guidance provided in this ASU in the fourth quarter of 2009. The Company has evaluated this ASU and has determined there are no significant impacts to its financial position or results of operations.

3 SHARE REPURCHASE

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

4 ACQUISITIONS

Electro Dynamics Crystal Corp.

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

The purchase price was USD 6,000 less assumed liabilities paid in cash at closing. As part of this asset purchase agreement, there is an earn-out to be paid for calendar years 2006, 2007 and 2008, if certain profitability goals are achieved. This earn-out was targeted to pay USD 667 annually. At December 31, 2009 the Company had paid USD 1,285 for the final 2008 earn-out. The earn-outs paid and accrued have been recorded as an increase to goodwill. The Company expects that the goodwill and intangible assets will be amortized over a fifteen year period for tax purposes.

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

As of March 1,	2006
Inventory	841
Equipment	678
Goodwill	3,527
Intangible assets	1,183
Assets acquired	6,229
Accrued liabilities assumed	(306)
Net assets acquired	5,923

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

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

Maxtek

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

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

During 2008, the Company adjusted goodwill for additional considerations of USD 470 of which the Company paid USD 235 in 2009.

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

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

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

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

Sigma Instruments

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

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

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

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

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

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

Verionix

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

The purchase price was USD 610 at closing. Additionally, there is an earn-out capped at USD 8,718 to be paid based on units sold over a four year period. At the acquisition date the Company has 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
Assets acquired	5,210
Accrued contingent consideration	(4,600)
Net assets acquired	610

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	

5 INVENTORIES

Net inventories consist of the following at December 31:

	2009	2008
Raw material	**16,887**	21,525
Work-in-process	**1,633**	2,516
Finished goods	**4,271**	6,747
Balance at December 31,	**22,791**	30,788

6 PROPERTY, PLANT, AND EQUIPMENT

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

	2009	2008
Land	**2,870**	700
Buildings and improvements	**38,134**	33,261
Machinery and equipment	**40,666**	38,710
	81,670	72,671
Less: accumulated depreciation	**(53,446)**	(46,769)
Balance at December 31,	**28,224**	25,902

7 GOODWILL

The activity of goodwill was as follows:

	2009	2008
Balance, beginning of year	**13,442**	11,035
Transferred to intangible assets upon completion of the allocation of purchase price for the Sigma acquisition	**–**	(538)
Goodwill acquired during the year, including increases for contigent consideration	**5,140****	2,945*
Balance at December 31,	**18,582**	13,442

* Additional goodwill acquired in 2008 mainly due to Maxtek and EDC earn-outs. For a more detailed discussion of payments, refer to Note 4, "Acquisitions".
** Additional goodwill acquired in 2009 mainly due to Verionix acquisition. For a more detailed discussion of payments, refer to Note 4, "Acquisitions".

8 INTANGIBLE ASSETS

The costs of identified intangible assets, including completed technology, trade secrets, customer relationships, and non-competition/non-solicitation agreements are amortized on a straight-line basis over four to ten years. Amortization expense for the next five years will approximate USD 501 per year.

The balance of the intangible assets was as follows:

	December 31, 2009		December 31, 2008	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Technology	2,969	(1,767)	2,350	(1,329)
Customer relationships	1,275	(616)	1,235	(402)
Other	248	(202)	218	(163)
	4,492	(2,585)	3,803	(1,894)
Intangible assets, net		**1,907**		**1,909**

On December 1, 2009, the Company acquired intellectual property assets in total of USD 399 and related to the SiO2 membrane and optical He detection and other gas detection business of Boris M. Chernobrod and Vladimir Schwartz.

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

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

9 BORROWING FACILITIES

The Company has a USD 10,000 line of credit with Credit Suisse, which can be in the form of overdraft facility, fixed advances, margin coverage for foreign exchange forward transactions and/or issuance of bank guarantees. The agreement can be terminated with a 30 day notice by either party. The Company had no outstanding amounts under the arrangement as of December 31, 2009.

Furthermore, the Company is in possession of an additional credit agreement with UBS amounting in total to USD 10,000. The Company granted to its subsidiaries in Hong Kong and Japan guarantees totaling USD 8,517; the remaining amount is USD 1,483. 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, 2009.

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

The following is a summary of these facilities and outstanding balances at December 31, 2009:

Bank	Total granted (USD)	Interest rate	Expiration	Drawn amount (USD)
A	8,517	0.8%–1.65%	Various	2,300
B	429	1.00%–1.80%	Aug 10	0
C	846	Variable	Upon notice	0
D	426	2.60%–3.45%	Upon notice	106
E	1,433	6.50%	Upon notice	0
F	289	Not specified	Upon notice	0
	11,940			**2,406**

10 ACCRUED LIABILITIES

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

	2009	2008
Salaries, wages and related costs	**7,348**	14,584
Warranty	**2,878**	2,882
Deferred revenue	**222**	367
Professional fees	**690**	952
Other	**3,592**	3,178
Balance at December 31,	**14,730**	21,963

11 WARRANTY

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

	2009	2008
Balance, beginning of year	**2,882**	2,903
– Reduction for payments made	**(741)**	(940)
+/– Change for accruals related to product warranties issued	**989**	330
+/– Change in liabilities for accruals related to pre-existing warranties	**(252)**	589
Balance at December 31,	**2,878**	2,882

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The Company maintains a foreign currency exchange risk management strategy that uses derivative instruments, in the form of forward exchange contracts and swaps, to hedge against future movements in foreign exchange rates that affect certain foreign currency denominated sales and related purchase transactions, caused by currency exchange rate volatility. These contracts are designated as cash flow hedges and have durations between one and five years. 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 inter-company purchases and sales of inventory in foreign currency for resale in local currency, in addition to inter-company billings relating to research and development and management services. The Company's accounting policy for derivative financial instruments is based on its designation of such instruments as hedging transactions. An instrument is designated as a hedge based in part on its effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions. The Company records all derivatives on the balance sheet at fair value. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The gain or loss (ineffectiveness) on the derivative instrument in excess of the hedged item, if any, is recognized in current earnings during the period in which it occurs. The Company's unrealized net gains/losses under foreign currency contracts at December 31, 2009 and 2008, 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 Company had losses from all foreign currency transactions and foreign exchange contracts of USD 235 and USD 1,761 for the years 2009 and 2008, respectively, which are recorded in other expense (income), net.

	2009	2008
Aggregate value of contracts for sale of US Dollars	**1,665**	1,217
Aggregate value of contracts for exchange of all other currencies	**4,330**	–

13 COMMITMENTS AND CONTINGENCIES

A summary of contractual commitments and contingencies as of December 31, 2009 is as follows:

	Operating leases	Purchase obligations	Total
2010	4,405	4,631	**9,036**
2011	4,083	1,295	**5,378**
2012	3,734	—	**3,734**
2013	3,502	—	**3,502**
2014	620	—	**620**
Thereafter	336	—	**336**
Total	16,680	5,926	**22,606**

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2010 through 2020. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes. Rental expense under operating leases totaled USD 5,328 and USD 5,888 for the years ended December 31, 2009 and 2008, 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.

14 SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for the years ended December 31:

	2009	2008
Income taxes, net	**1,058**	6,403
Interest	**939**	1,344

Non-cash transactions for the years ended December 31:

	2009	2008
Adjustments for SFAS 158	**(3,837)**	(9,688)
Acquisition earn-out accrued	**(4,600)**	(2,416)

15 INCOME TAXES

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

	2009	2008
Switzerland	**4,099**	5,383
Foreign	**729**	27,401
Income before income taxes	**4,828**	32,784

Provision for income taxes included the following:

	2009	2008
Current:		
Switzerland	**9**	5
Foreign	**705**	3,974
	714	3,979
Deferred:		
Foreign:		
Changes on temporary differences	**77**	909
Benefit of operating loss carry-forward	**310**	3,585
Adjustments of the beginning-of-the-year balance of a valuation allowance because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset in future years	**1,457**	—
	1,844	4,494
Provision for income taxes	**2,558**	8,473

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

	2009	2008
Swiss statutory tax rate	**16.9%**	19.5%
Effect of non-Swiss subsidiaries with different tax rates	**14.3%**	6.4%
Change in valuation allowance	**19.7%**	(2.4%)
Effect of permanent differences & other	**2.1%**	2.3%
Effective tax rate	**53.0%**	25.8%

Deferred tax assets and liabilities were comprised of the following:

	2009	2008
Deferred tax assets:		
Accrued liabilities	**1,421**	3,658
Operating losses	**11,474**	11,784
Tax credit carry-forwards	**327**	260
Basis differences/intangible assets	**12,355**	13,585
Pension liabilities	**1,292**	636
Inventory	**1,318**	252
Deferred revenue and other	**1,736**	700
	29,923	30,875
Less: valuation allowance	**(1,825)**	(840)
Deferred tax liabilities:		
Basis differences/intangible assets	**(330)**	–
Accounts receivable	**(52)**	(72)
Property, plant and equipment	**(339)**	(989)
Other	**–**	744
	(721)	(317)
Net deferred tax asset	**27,377**	29,718
Presented as:		
Current deferred tax asset	**4,660**	5,648
Long-term deferred tax asset	**23,221**	24,276
Current deferred tax liability	**(211)**	–
Long-term deferred tax liability	**(293)**	(206)
	27,377	29,718

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

As of December 31, 2009, the Company has net deferred tax assets of USD 27,377, 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, 2009 will be realized. In addition, the Company has recorded a valuation allowance of USD 1,825 in 2009 compared to USD 840 in 2008, 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 985 in 2009 and USD (171) in 2008.

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 expiration dates as of December 31, 2009 in USD is as follows:

	Net operating loss carry-forwards	Tax credit carry-forwards	Total
2010	237	0	**237**
2011	317	0	**317**
2014 and thereafter	29,650	910	**30,560**
Total	30,204	910	**31,114**

Net operating loss and tax credit carry-forwards are capitalized if it is probable that future taxable profits will be available to utilize the losses.

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

The total amount of unrecognized tax benefits as of December 31, 2009 and 2008 is USD 1,500. This amount is included in the determination of net income following the Company's adoption of ASC 805, "Business Combinations" (formerly referenced as SFAS No. 141 (R)) on January 1, 2009. The Company has not accrued interest or penalties as it relates to this position. The USD 1,500 is included as a reduction of long-term deferred tax asset and relates to an uncertain tax position in the United States. The Company believes it is reasonably possible that the amount of unrecognized tax benefits would not significantly change in the next twelve months as a result of tax authority audits.

INFICON and its subsidiaries are subject to various statutory and income tax jurisdictions. The following tax years, in the major tax jurisdictions noted, are open for assessment or refund: Switzerland: 2008 to 2009, USA: 2002 to 2009, Liechtenstein: 2009, Germany: 2004 to 2009, Korea: 2005 to 2009, Japan: 2005 to 2009, Hong Kong: 2003 to 2009, and Taiwan: 2008 and 2009.

16 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:

	2009	2008
Change in benefit obligation:		
Benefit obligation at January 1,	**66,097**	59,893
Service cost	**2,246**	2,253
Interest cost	**3,020**	2,802
Actuarial losses (gains)	**2,991**	(2,201)
Benefits paid	**(4,494)**	(1,350)
Participant contributions	**1,075**	1,068
Termination benefits and curtailments	**424**	–
Foreign currency translation adjustments	**355**	3,632
Benefit obligation at December 31,	**71,714**	66,097
Change in plan assets:		
Fair value of plan assets at January 1,	**59,284**	63,439
Actual return on plan assets	**8,497**	(11,695)
Company contributions	**1,428**	3,924
Participants' contributions	**1,266**	1,233
Benefits paid	**(4,494)**	(1,206)
Foreign currency translation adjustments	**145**	3,589
Fair value of plan assets at December 31,	**66,126**	59,284
Net funded status (including under-funded and non-funded plans) at December 31,		
Amounts recognized in the Consolidated Balance Sheet:		
Asset	**–**	535
Current liabilities	**–**	–
Non-current liabilities	**(5,588)**	(7,571)
Net funded status	**(5,588)**	(7,036)
Weighted average of assumptions:		
Discount rate	**4.4%**	4.6%
Expected return on plan assets	**5.3%**	5.5%
Rate of compensation increase	**3.0%**	3.1%
The pre-tax amounts recognized in accumulated other comprehensive income consist of:		
Net actuarial loss	**16,545**	20,151
Prior service cost	**327**	361
Transition obligation	**15**	18
Total (before tax effects)	**16,887**	20,530

The accumulated benefit obligation for all defined benefit pension plans was USD 66,285 and USD 60,260 at December 31, 2009 and 2008, respectively.

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

	2009	2008
Aggregate projected benefit obligation	**52,035**	49,567
Aggregate accumulated benefit obligation	**49,597**	46,626
Aggregate fair value of plan assets	**47,672**	42,094

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

	2009	2008
Service cost	**2,245**	2,253
Interest cost	**3,020**	2,802
Expected return on plan assets	**(3,111)**	(3,684)
Amortization of prior service cost	**38**	38
Amortization of transition asset	**2**	2
Termination benefits, curtailment and others	**1,010**	—
Net amortization and deferral of actuarial gains	**1,318**	128
Net periodic benefit cost	**4,522**	1,539
Net actuarial loss	**(2,551)**	13,177
Amortization actuarial gain	**(1,338)**	(127)
Curtailment impact on actuarial gain	**(591)**	—
Curtailment impact on prior service cost	**(21)**	—
Amortization of prior service cost	**(16)**	(16)
Recognized prior service cost	**—**	(22)
Amortization of transition obligation	**(24)**	(2)
Foreign currency translation adjustment	**225**	—
Total recognized in other comprehensive income / (loss) (before tax effects)*	**(4,316)**	13,010

* *excluding foreign currency effects*

Total recognized in net benefit cost and other comprehensive income (before tax effects)	**206**	14,549

Plan Assets

For 2009 and 2008 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, 2009, 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	**22,174**	22,174	—	—
Debt securities	**22,228**	22,228	—	—
Real estate	**6,349**	5,022	—	1,327
Other	**15,375**	15,375	—	—
Total	**66,126**	64,799	—	1,327

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, 2009	1,327
Actual return on plan assets:	
Relating to assets still held at the reporting date	59
Relating to assets sold during the period	—
Purchases, sales and settlements	—
Transfers in and/or out of Level 3	(59)
Ending balance at December 31, 2009	**1,327**

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" mainly retains cash.

Investment decisions relating to pension plan assets are made taking into consideration studies and investment policy statements in the US as strategic allocation framework. The studies include analysis of factors as the funded status, duration of the plan liabilities, and 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. 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	2009	2008
Equity securities	**33.5%**	29.5%
Debt securities	**33.6%**	33.9%
Real estate	**9.6%**	8.0%
Other	**23.3%**	28.6%
Total	**100.0%**	100.0%

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

Asset Category	2009	2008
Equity securities	**30.5%**	30.5%
Debt securities	**36.1%**	34.9%
Real estate	**9.9%**	9.1%
Other	**23.5%**	25.5%
Total	**100.0%**	100.0%

It is anticipated the Company will make contributions of approximately USD 1,112 to the pension plans for the fiscal year ending December 31, 2010.

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

2010	2,190
2011	1,928
2012	2,242
2013	2,288
2014	2,977
2015–2019	24,543

The following table shows the amount in other comprehensive income expected to be recognized as components of Net Periodic Benefit Cost in 2010:

	2010
Transition obligation	2
Prior service cost	38
Net loss	899
	939

The Company also participates in US and foreign defined contribution plans for certain locations. Expense related to these plans was USD 680 and USD 727 for the years ended December 31, 2009 and 2008, respectively.

17 STOCKHOLDER'S EQUITY

Under the Swiss Code of Obligations, the shareholders may decide on an increase of the share capital in a specified aggregate par value up to 50% of the existing share capital, in the form of authorized capital to be used at the discretion of the Board of Directors. The Board of Directors is currently not authorized to issue new registered shares. The General Meeting of Stockholders approved conditional capital in the amount of 260,000 shares, which shall be issued upon the exercise of option rights, which some employees and members of the Board of Directors will be granted pursuant to the Employee Incentive Plans. The Board of Directors will regulate the details of the issuances. As of December 31, 2009 and 2008, 208,431 and 212,794 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.

18 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 employees options to purchase shares in such amounts as the Company shall determine, subject to the conditions provided in the plan. The plan shall remain in effect through May 15, 2011.

The options are granted in Swiss Francs.

Provisions of the Plans are as follows:

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

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

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

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

	Shares	Weighted average exercise price (CHF)
Outstanding at December 31, 2007	112,774	150.66
Granted	28,700	170.19
Cancelled	(2,747)	157.03
Exercised	(4,518)	105.39
Outstanding at December 31, 2008	134,209	156.26
Granted	29,900	102.00
Cancelled	(12,685)	155.32
Exercised	(4,363)	52.37
Outstanding at December 31, 2009	147,061	148.38
Exercisable at December 31, 2009	82,154	148.26

The following table summarizes information about stock options outstanding and exercisable at December 31, 2009.

Exercise price (CHF)	Shares outstanding	Outstanding options average price (CHF)	Remaining term (years)	Options exercisable	Options exercisable average price (CHF)
45.01–67.50	600	50.00	0.1	600	50.00
67.51–90.00	1,569	72.42	1.3	1,569	72.42
90.01–112.50	54,815	99.11	4.3	25,415	95.76
112.51–135.00	12,025	116.75	1.2	12,025	116.75
135.01–157.50	1,450	150.16	5.7	362	150.16
157.51–180.00	26,591	171.64	5.3	9,172	170.92
180.01–202.50	24,411	187.87	3.1	18,536	187.82
202.51–225.00	25,600	213.80	4.3	14,475	213.80
Totals	147,061	148.38		82,154	147.78

The weighted average remaining contractual terms of outstanding and exercisable stock options at December 31, 2009 and 2008 are 4.0 years and 4.1 years, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2009 is USD 1,087 and 621, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2008 is USD 204 and 199, respectively.

In accordance with the provisions of ASC 718, "Compensation – Stock Compensation" (formerly known as SFAS 123(R), "Share-Based Payment") during the year ended December 31, 2009, the Company recognized stock-based compensation expense related to stock options of USD 889, net of tax benefit (USD 205). As a result of applying the provisions of ASC 718 during the year ended December 31, 2008, the Company recognized stock-based compensation expense related to stock options of USD 1,111, net of tax benefit (USD 476).

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.

	2009	2008
Risk free interest rate	**1.62%**	2.76%
Expected volatility factor of stock price	**35.18%**	37.57%
Dividend Yield	**8.22%**	5.14%
Expected life of stock options	**5.3**	5.2

Expected volatilities are based upon historical volatility of the Company's stock and traded options. The expected life estimates are determined using the average expected term based on historically observed option lives. Unrecognized stock based compensation expense related to non-vested stock options totaled USD 1,269 at December 31, 2009, 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 1.1 years.

Shares authorized for stock option awards were 260,000. During 2009 and 2008, proceeds from stock option exercises totaled USD 219 and USD 462, respectively, and 4,363 and 4,518 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 2009 and 2008 was USD 264 and USD 259, respectively. The weighted average fair value for options granted during 2009 was 13.44 CHF per share. The weighted average fair value of options vested during 2009 was 42.44 CHF per share.

19 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" (formerly known as SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information") can be found in the consolidated financial statements.

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

	2009	2008
Europe	**76,797**	117,900
North America	**49,161**	54,900
Asia-Pacific	**54,301**	80,300
Other	**1,437**	3,389
	181,696	256,489

20 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:

	2009	2008
Numerator:		
Net income	**2,270**	24,311
Denominator:		
Weighted average shares outstanding	**2,146,717**	2,144,579
Effect of dilutive stock options	**3,339**	15,114
Denominator for diluted earnings per share	**2,150,056**	2,159,693
Earnings per share:		
Basic:	**1.06**	11.34
Diluted:	**1.06**	11.26

For the year ended December 31, 2008, the fully diluted earnings per share calculation excluded 87,855 options to purchase shares since these shares would have been anti-dilutive for 2008, compared to 124,719 options in 2009, respectively.

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:

	2009	2008
Total personnel costs	**60,356**	71,087
Depreciation of property, plant, and equipment	**6,695**	6,210
Amortization and impairment on intangible assets	**864**	691
Total amortization, impairment and depreciation	**7,559**	6,901

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

	2009	2008
Buildings and improvements	**22,198**	20,188
Machinery and equipment	**48,178**	36,449
	70,376	56,637

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$^{\text{bis}}$ and art. 663c CO for the years ended December 31 are as follows:

a) Compensations 2009

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

* Share options granted are valued according to the fair value of options granted using the Black-Scholes option-pricing model

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

b) Compensations 2008

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

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

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:

	2009		2008	
	Shares owned	Options owned	Shares owned	Options owned
Board of Directors:				
Gustav Wirz	**23,069**	**2,850**	15,797	1.900
Paul Otth	**60**	**2,175**	60	1,450
Dr. Richard Fischer	**15,000**	**1,881**	15,000	1,406
Mario Fontana	**2,400**	**3,340**	2,400	2,865
Dr. Thomas Staehelin	**250**	**3,972**	250	4,151
Total Board of Directors	**40,779**	**14,218**	33,507	11,772
Senior Management:				
Lukas Winkler, President & CEO	**1,500**	**18,000**	1,500	16,000
Matthias Tröndle, Group CFO	**0**	**2,500**	0	1,250
Dr. Ulrich Döbler	**2,010**	**7,100**	1,510	6,600
Peter Maier	**1,672**	**9,625**	1,672	9,225
Dr. Urs Wälchli	**111**	**9,000**	111	8,339
Total Executive Management	**5,293**	**46,225**	4,793	41,414

Additional Fees and Remunerations

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

Loans to Members of Governing Bodies

No loans were granted to current or former members of governing bodies during 2009. No such loans were outstanding as of December 31, 2009.

Risk Assessment Disclosures

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

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

22 SUBSEQUENT EVENTS

The company has evaluated subsequent events through March 15, 2010, which represents the date when the consolidated financial statements were available to be issued.

On January 29, 2010, INFICON signed a definitive agreement, pending regulatory approval, to acquire the Micro GC business line from Agilent Technologies, Inc. The Micro GC instrument product line enhances the INFICON Environmental Sensors product portfolio and will be marketed to several niche growth markets. The acquisition will supplement the company's successful environmental sensors business and provide new market opportunities for INFICON's core competency in the field of gas analysis. Due to the timing of the acquisition, the purchase price allocation has not been completed yet. However, it is believed that the allocation will be among inventory, equipment, intangible assets and possibly goodwill.

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

As statutory auditors, we have audited the consolidated financial statements of INFICON Holding AG, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of stockholders' equity, consolidated statement of cash flows and notes (pages 24 to 44) for the year ended December 31, 2009.

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, 2009 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	Cornelia Ritz Bossicard
Audit expert	Audit expert
Auditor in charge	

Zürich, March 15, 2010

BALANCE SHEET

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

ASSETS	December 31, 2009	December 31, 2008
Cash and cash equivalents	1,460	1,107
Other receivables – third parties	1	3
Receivables – subsidiaries	22	31
Total current assets	1,483	1,141
Notes receivable – subsidiaries	3,224	3,279
Investments in subsidiaries	294,654	294,440
Total long-term assets	297,878	297,719
Total assets	299,361	298,860
LIABILITIES AND STOCKHOLDERS' EQUITY		
Other payables – third parties	3	14
Accrued liabilities	487	421
Total current liabilities	490	435
Notes payable – subsidiaries	39,622	31,622
Total long-term liabilities	39,622	31,622
Total liabilities	40,112	32,057
Share capital; CHF 5 par value, 2,150,056 shares issued (2008: 2,145,693 shares issued)	10,750	10,728
Legal reserves		
General legal reserve	220,480	220,274
Retained earnings	28,019	35,801
Total stockholders' equity	259,249	266,803
Total liabilities and stockholders' equity	299,361	298,860

STATEMENT OF INCOME

(CHF in Thousands)

Year ended December 31,	2009	2008
Income from investments in subsidiaries	7,198	24,198
Administrative expenses	(1,370)	(1,825)
Income from operations	5,828	22,373
Interest income	175	213
Interest expense	(841)	(1,217)
Foreign currency exchange loss	(56)	(222)
Other loss	(722)	(1,226)
Income before income taxes	5,106	21,147
Income tax expense	(9)	(4)
Net income	5,097	21,143

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, 2009	2008
		(in 1,000)	(in 1,000)
INFICON Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership		**100%**	100%
Purpose: Manufacturing, Sales and Service			
INFICON AG Balzers, Liechtenstein			
Share Capital	CHF	**6,000**	6,000
Ownership		**100%**	100%
Purpose: Manufacturing, Sales and Service			
INFICON GmbH Bad Ragaz, Switzerland			
Share Capital	CHF	**2,000**	2,000
Ownership		**100%**	100%
Purpose: Management Company			
INFICON GmbH Cologne, Germany			
Share Capital	EUR	**1,026**	1,026
Ownership**		**100%**	100%
Purpose: Manufacturing, Sales and Service			
INFICON Aaland Ab Mariehamn, Finland			
Share Capital	EUR	**60**	60
Ownership***		**100%**	100%
Purpose: Manufacturing			
INFICON Ltd. London, United Kingdom			
Share Capital	GBP	**400**	400
Ownership		**100%**	100%
Purpose: Sales			

Company	Currency	December 31, 2009	2008
		(in 1,000)	(in 1,000)
INFICON S.A.R.L. Courtaboeuf, France			
Share Capital	EUR	**108**	108
Ownership		**100%**	100%
Purpose: Sales			
INFICON Co., Ltd. Yokohama-Shi, Japan			
Share Capital	JPY	**400,000**	400,000
Ownership		**100%**	100%
Purpose: Sales			
INFICON Ltd. Chubei City, Taiwan			
Share Capital	TWD	**52,853**	52,853
Ownership		**100%**	100%
Purpose: Sales			
INFICON Ltd. Bungdang-Ku, Korea			
Share Capital	KRW	**600,000**	600,000
Ownership		**100%**	100%
Purpose: Sales			
INFICON Pte. Ltd. Singapore			
Share Capital	SGD	**1,797**	1,797
Ownership		**100%**	100%
Purpose: Sales			
INFICON Ltd. Hong Kong			
Share Capital	HKD	**8,780**	8,780
Ownership		**100%**	100%
Purpose: Sales			
INFICON Guangzhou Service Centre Ltd. Guangzhou			
Share Capital	RMB	**9,837**	9,837
Ownership		**100%**	100%
Purpose: Service			
INFICON Instruments (Shanghai) Co., Ltd. Shanghai			
Share Capital	USD	**600**	400
Ownership		**100%**	100%
Purpose: Manufacturing			
INFICON EDC Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership**		**100%**	100%
Purpose: Manufacturing, Sales and Service			
Sigma Instruments Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership**		**100%**	100%
Purpose: Manufacturing, Sales and Service			

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

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 stockholders entered in the share register.

The percentages are calculated using registered shares per December 31, 2009 and 2008 of 2,150,056 and 2,145,693 respectively.

December 31,	**2009**	2008
KWE Beteiligungen AG	**15.73%**	
Sterling Strategic Value Limited	**8.07%**	8.09%
Pictet Funds SA	**7.68%**	3.86%
UBS Fund Management (Schweiz) AG	**4.76%**	4.83%
Bank of New York	**3.42%**	
Chase Nominees Ltd.	**3.41%**	10.49%
Corisol Holding AG		8.06%

There were no other stockholders entered in the share register holding more than 3 percent of the voting rights at December 31, 2009.

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

On May 8, 2009, the entire share portfolio of INFICON Holding AG that was held by Corisol Holding AG was transferred to KWE Beteiligungen AG.

The Company was notified on April 24, 2008, that Polar Capital LLP held a shareholding of 3.20% in INFICON Holding AG and that this was reduced to 3.01% on September 26, 2009.

The Company was notified on September 22, 2009, that BlackRock Investment Management International Ltd. held a shareholding of 3.04% in INFICON Holding AG and that this was increased to 5.00% on October 20, 2009.

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

The Company was notified on March 9, 2010, that Pictet Funds SA reduced its shareholding to 6.93 %.

4 ISSUED, AUTHORIZED AND CONDITIONAL SHARE CAPITAL

Issued Share Capital / Share Capital Increase

During 2009, employees of INFICON exercised stock options which resulted in 4,363 new shares being issued and increased nominal share capital by CHF 21,815. The share premium thereon of CHF 206,682 has been credited to the general legal reserve. At December 31, 2009, the number of issued INFICON Holding AG shares amounted to 2,150,056 (2008: 2,145,693) 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 1,063,970 through the issuance of 212,794 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 2009, employee stock options were exercised resulting in an increase in share capital of 4,363 shares. The remaining available balance of conditional share capital at December 31, 2009 is CHF 1,042,155 (2008: CHF 1,063,970).

5 CANCELLATION OWN REGISTERED SHARES

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

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

6 DISCLOSURE OF MANAGEMENT COMPENSATION

Refer to Notes to Consolidated Financial Statements for disclosure of Compensations for Acting Members of Governing Bodies, Note 21.

7 CONTINGENT LIABILITIES

	December 31,	
In CHF 1,000	**2009**	2008
Guarantees in favor of affiliated companies	**12,473**	13,086

8 RISK ASSESSMENT DISCLOSURES REQUIRED BY SWISS LAW

Refer to Notes to Consolidated Financial Statements for Risk Assessment Disclosures, Note 21.

APPROPRIATION OF AVAILABLE EARNINGS

(Proposal of the Board of Directors)

	December 31,	
In CHF 1,000	**2009**	2008
Retained earnings at beginning of year	**35,801**	31,823
Dividend payment to shareholders	**(12,879)**	(17,165)
Net income	**5,097**	21,143
Retained earnings	**28,019**	35,801
Gross dividend* (2009: CHF 4.00/2008: CHF 6.00 each share)	**(8,600)**	(12,874)
Balance to be carried forward	**19,419**	22,927

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

REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

As statutory auditors, we have audited the financial statements of INFICON Holding AG, which comprise the balance sheet, income statement and notes (pages 46 to 49) for the year ended December 31, 2009.

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, 2009 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

Zürich, March 15, 2010

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 2009. 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.

2009 Annual Report

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

sensus Investor & Public Relations GmbH, Zürich, grafikvater, Mattenbach AG, Switzerland

WWW.INFICON.COM

yiue44a1