2002

annual report

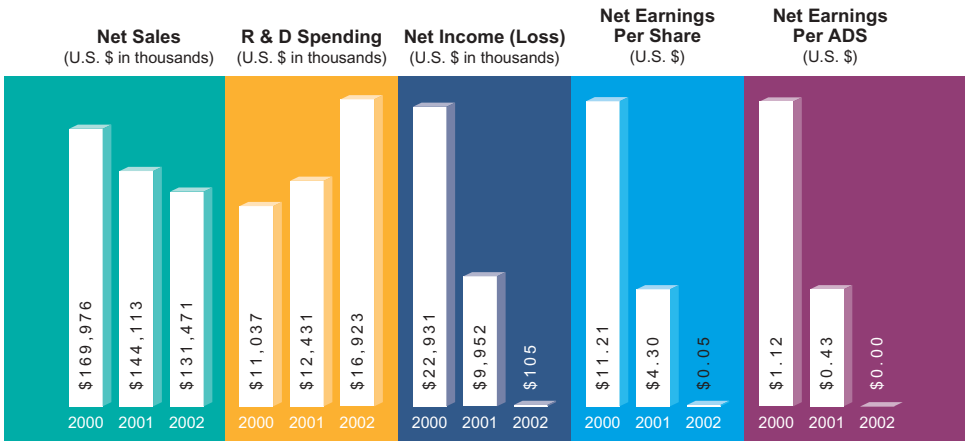
INFICON

www.inficon.com

INFICON is a leading developer, manufacturer and supplier of innovative vacuum instrumentation, critical sensor technologies, and process control software for the semiconductor and related industries. These analysis, measurement and control products are vital to original equipment manufacturers (OEMs) and end-users in the complex manufacturing of semiconductors, flat panel displays, magnetic and optical storage media and precision optics. INFICON also provides essential instrumentation for gas leak detection and toxic chemical analysis to the air conditioning/refrigeration, emergency response and industrial hygiene markets.

Financial Highlights

(U.S. $ in thousands, except per share data)	2000	2001	2002
Net Sales	$169,976	$144,113	$131,471
Research & Development	$11,037	$12,431	$16,923
Net Income (Loss)	$22,931	$9,952	$105
Net Earnings (Loss) Per Share	11.21	4.30	0.05
Net Earnings (Loss) Per ADS	1.12	0.43	0.00
Cash Flow from Operations	$18,746	$24,752	$10,236
Stockholders' Equity	$108,531	$119,524	$127,410
Total Assets	$151,070	$138,194	$147,928



This Annual Report is also available in the investor relations section of our website, www.inficon.com, or by writing or calling Investor Relations.

We welcome your comments and inquiries.

INFICON

John Grad,
Chairman of the Board

James Brissenden,
President and
Chief Executive Officer

Dear shareholders,

INFICON continued to achieve positive financial results in 2002 in the face of a very difficult global economic environment. We generated positive cash flow even though our key technology markets of semiconductor, data storage and telecommunications experienced a second consecutive year of depressed end-user demand. This translated into severe industry cutbacks in capital expenditures that directly impacted INFICON sales.

Our industrial and public sector-focused products were strong contributors, while our technology-focused products gained market share and were positioned for strong growth in a market recovery.

FINANCIAL REVIEW

INFICON 2002 sales were $131 million, down 9% from $144 million in 2001.

Net income also declined from $10 million in 2001 to a net income of $0.1 million in 2002. This drop in net income resulted from reduced sales, restructuring expenses associated with a reduced workforce, and from an aggressive 36% increase in R & D investment. Strong working capital management kept us free cash flow positive at $4 million and overall cash at year-end of $38 million.

STRATEGY IN LINE WITH INDUSTRY DEMANDS

In light of the unprecedented severity and duration of the current economic downturn, we have thoroughly reviewed our strategic direction. This examination confirmed that our primary market focus on high-growth segments of the semiconductor industry presents a great opportunity for exceptional long-term growth. We would like to share with you the basis for our optimism.

INFICON technology solutions and process expertise directly address the most pressing cost and productivity improvements required by semiconductor manufacturers. INFICON intersects the semiconductor industry's need to analyze, control and improve manufacturing in three critical areas: advanced process control, photolithography, and OEM components and subsystems.

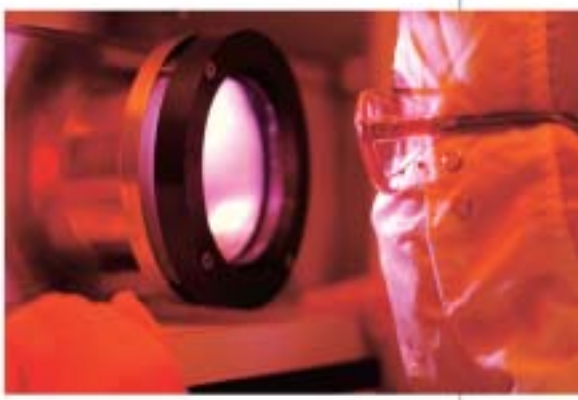
First, there is the requirement for greater process control, more vital to the profitability of semiconductor manufacturers than ever before. The confluence of profound technology changes, escalating process complexities, and increasing costs for mistakes make overall manufacturing control and efficiency essential. Hundreds of process steps are required to create a chip; more will be required for advanced chips of smaller sizes and greater speed. Each step in the chip fabrication process presents an opportunity for improvement in process consistency and product yield. INFICON *in situ* metrology and process control

products target those mission-critical and “bottleneck” processes where increased control can create large and rapid paybacks. Our aggressive R & D investing in 2002 resulted in significant new products addressing specific challenges in semiconductor manufacturing. Among them were Stiletto™, an *in situ* scanning-laser particle detector for monitoring sub-micron contaminants in the vacuum chambers and pumplines of semiconductor process equipment. Particle contamination accounts for up to 50% of the yield loss in chip manufacturing. The benefit to product yield of Stiletto comes from its ability to immediately recognize any increase in particle contamination and trigger corrective action before wafer yields are adversely affected.

We extended communications networking capabilities for FabGuard™, our *in situ* sensor-based diagnostic software for fully automated, real-time fault detection and analysis. Now valuable data can be analyzed from any location worldwide for faster correction of process excursions.

We also introduced a third generation of Transpector® XPR, the market-leading gas analysis family of high-sensitivity *in situ* sensors for gathering real-time data in processing chambers to detect problems and increase product yield.

INFICON intersects the semiconductor industry's need to analyze, control and improve manufacturing.



And we have brought to market the UL1000 Fab Helium Leak Detector, which was very successful in its first year. It is specifically designed for leak detection efficiency and mobility within the fab environment.

In addition to our role as provider of advanced process sensors and process control software, INFICON process expertise and technical support teams are significant resources for maximizing our customers' productivity and equipment utilization.

Our acquisition in January 2003 of New Vision Systems, a leader in advanced process control (APC) and lithography analysis for semiconductor manufacturing, significantly enhances the value we bring to our semiconductor customers in their drive toward fab-wide process control. With this acquisition, we have expanded our process control core competency beyond vacuum processes into the highest-growth segment of the semiconductor market, photolithography. This process is the most challenging, strategically important process in manufacturing

INFICON *in situ* metrology and process control targets mission-critical processes where increased control can create large and rapid paybacks.

semiconductor devices. Photolithography is an extremely high-resolution, three-dimensional printing process, which applies the complex circuit patterns to the wafer and ultimately determines chip functionality. The photolithography step is repeated upwards of 30 times, and each layer must be applied with exact alignment to previous layers. As chips get smaller and faster, the complexity and high cost of error associated with this process are driving device manufacturers to seek world-class process expertise to optimize lithographic equipment—the most expensive tools in the fab.

INFICON now offers a full suite of process control software compatible with tools from all major lithography and metrology equipment suppliers. New Vision Systems has developed proprietary metrology methods to automatically "process improve" equipment settings to stay within ever shrinking process windows. The end result is dramatic improvements in equipment productivity and chip yield.

Increasing process complexity and costs have yet another dimension in the semiconductor marketplace. Chipmakers are demanding that the semiconductor equipment manufacturer produce lower-cost and smaller-footprint systems for new 300mm wafer processing. Equipment OEMs must rely on component manufacturers to provide smaller, higher-performance and less-expensive products. We believe that INFICON is well positioned to capitalize on the new requirements in the component arena with our expertise in vacuum pressure measurement and other integrated subsystems that provide equipment OEMs with product differentiation and lower costs.

We have substantial opportunities for new INFICON Ceramic Capacitance Diaphragm Gauges (CDGs) and Combination Vacuum Gauges. Our combination gauges integrate

two or more measuring technologies in one cost-saving instrument and provide more accurate pressure measurement. This year we unveiled yet another Combination Vacuum Gauge, which cannot be duplicated because of our patented breakthrough ceramic technology. The OEM market for our most recently developed components and subsystems represents a considerable extension of our addressable semiconductor market.

So in 2002, despite strong competition, our innovative vacuum gauge products expanded our presence in the semiconductor market to include new relationships at large semiconductor OEMs. INFICON is establishing a reputation as a reliable supplier of value-added components and subsystems with performance and price advantages. We have begun to build a major market share at all major OEMs, particularly for 300mm tools. At one of the largest semiconductor equipment manufacturers, a redesign program aimed at cost reduction for its market-leading "workhorse" tool resulted in INFICON CDG and Combination Gauges being specified as the standard.

LEVERAGING CORE TECHNOLOGY FOR FINANCIAL STABILITY

While we focus our R & D investments primarily in semiconductor and related markets, we have successfully leveraged these investments into dominant market share positions in less volatile industrial and government markets. INFICON is able to weather severe technology market downturns at break-even profitability or better because of our strong position in more stable markets. Still, we are positioned to strongly benefit from the upside potential of high-growth but volatile technology markets like semiconductor.

In 2002, our HAPSITE® was a star in emergency response and military applications for immediate, on-site detection of chemical agents and toxic materials. The technology for HAPSITE

draws heavily on the same vacuum sensor expertise that has made INFICON the market leader in semiconductor gas analysis, thus leveraging our knowledge of vacuum technology in less volatile markets. In these applications, the technology is directed at quickly obtaining critical data for decision-making in emergency situations or for environmental applications, such as hazardous waste site analysis and remediation.

In our first full year of offering HAPSITE, we achieved excellent sales and profitability. Significant orders came from the U.S. Department of Defense for all U.S. military branches, and from the National Guard as part of homeland security initiatives. HAPSITE was also deployed by several other countries' military and government agencies, by military units within NATO, and by a broad range of private-sector customers.

Leak detector sales to the air conditioning and refrigeration industry, where we are a long-established market leader, continued to be more stable than sales to other markets. In 2002, sales of leak detection products were driven by the requirement for verification of "leak tightness" for a diverse set of customers faced with increasingly stringent quality standards. We were particularly successful in China with leading refrigeration and air conditioning system manufacturers, and we are now addressing emerging markets in Thailand, Malaysia, the Philippines and Indonesia.

In 2002, our HAPSITE® was a star in emergency response and military applications.

OUTLOOK

The extremely complex interplay of economic and geopolitical variables in the world today make it difficult to forecast the business environment INFICON will face in 2003. However, we know that INFICON delivers solutions that significantly improve semiconductor product and process yields and equipment utilization—the cornerstones to manufacturing cost reduction. Since cost reduction initiatives are even more important in down markets, we believe these expenditures will be at the top of our customers' investment priorities. Our targeted semiconductor market segments of photolithography, advanced process control, and OEM components and subsystems are all growth opportunities driven in large part by the need of our customers to reduce manufacturing cost. Even without an economic recovery in 2003, we expect moderate top-line growth and to remain profitable.

In summary, we are convinced we have the right strategy for maximizing long-term growth and shareholder value. We have made outstanding progress in positioning INFICON for success, and we will stay the course in 2003 with continued aggressive investment in internal development of cutting-edge products and "smart" acquisitions that will strengthen our ability to meet the changing needs of our customers.

As we look to the future, it is clear that INFICON has enormous potential. We are determined to win in the marketplace, and we have the most important competitive assets necessary to achieve that objective—dedicated people and a company culture committed to business excellence and market leadership. We thank you for your continued support of our company.

John Grad, Chairman of the Board

James Brissenden, President and Chief Executive Officer

INFICON delivers solutions that significantly improve product and process yields and equipment utilization.

This chart shows the markets served by INFICON, and some new products addressing the demands of these markets.

Leak Detectors

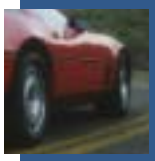
Advanced Process Control Software

In Situ Metrology Sensors

SEMICONDUCTOR MANUFACTURING

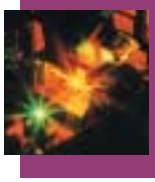
EMERGENCY RESPONSE / SECURITY

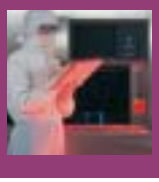
AIR CONDITIONING AND REFRIGERATION



THIN FILM MANUFACTURING

INDUSTRIAL PROCESSES





Vacuum Gauges

Vacuum Components

Chemical Identification System

BOARD OF DIRECTORS

John Grad
Chairman of the Board
Chicago, United States

Paul Otth
Vice Chairman of the Board
Zürich, Switzerland

James Brissenden
President and
Chief Executive Officer
Syracuse, United States

Kurt Mück
Nürnberg, Germany

Dr. Karsten Ottenberg
Hamburg, Germany

Dr. Thomas Staehelin
Basel, Switzerland

CORPORATE COMMITTEES

Audit
John Grad, Chairman
Dr. Karsten Ottenberg
Dr. Thomas Staehelin

Compensation
John Grad, Chairman
Kurt Mück
Dr. Karsten Ottenberg

EXECUTIVE MANAGEMENT

James Brissenden
President and
Chief Executive Officer

Peter Maier
Vice President and
Chief Financial Officer

Ulrich Doebler
Vice President, Leak Detection

Gary Lewis
Vice President, Environmental
Health and Safety

Linda Van Roekel
Vice President,
Process Knowledge and Control

Lukas Winkler
Vice President, Vacuum Control

Albert Zueger
Vice President,
Ultra Clean Processing

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Liechtenstein
United States

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China
Finland
France
Germany
Japan
Korea
Liechtenstein
Singapore
Switzerland
Taiwan
United Kingdom
United States

Visit www.inficon.com for a complete list of INFICON locations

INDEPENDENT AUDITORS

Pricewaterhouse Coopers LLP
Zürich, Switzerland

ANNUAL MEETING

The annual meeting of stockholders will be held at 3:00 p.m. on Wednesday, May 7, 2003 at Widder Hotel, CH-8001 Zürich Switzerland

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STOCK LISTINGS

The Company's common stock is traded on the SWX Swiss Stock Exchange and the NASDAQ National Market under the symbol IFCN.

Certain statements contained in this Letter to Shareholders and 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 on Form 20-F for fiscal 2001 and the Company’s reports on Form 6-K filed with the Securities and Exchange Commission during 2002.

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.