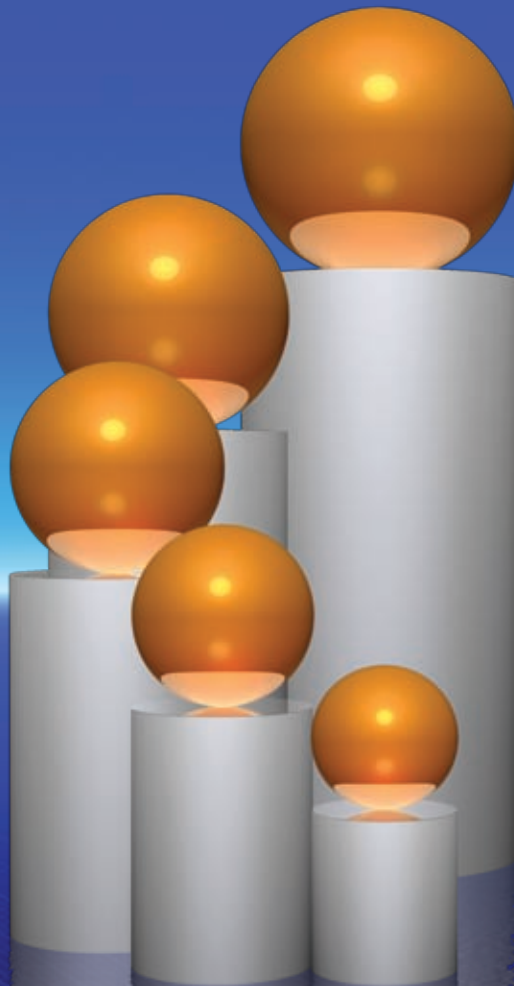




INTEVAC



ANNUAL REPORT 2010

CORPORATE PROFILE

INTEVAC, INC.

We are a leader in the design, development and marketing of high-productivity process manufacturing equipment solutions to the hard disk drive industry. Our equipment deposits thin films on magnetic disks that are used in hard disk drives. We believe our magnetic media systems represent approximately 60% of the installed base worldwide. All magnetic media manufacturers, namely Seagate Technology, Hitachi Global Storage Technologies, Fuji Electric, Western Digital and Showa Denko utilize our process equipment.

Our Emerging Equipment business builds upon our extensive experience in providing production-proven process manufacturing systems for the hard drive industry. We design, manufacture, market and service high-productivity solar cell manufacturing and inspection equipment for the photovoltaic industry as well as wafer handling platforms for the semiconductor industry.

In our Photonics business, we are a leader in the development and manufacture of leading edge, high-sensitivity digital imaging products and vision systems as well as Raman instruments designed for materials identification. Markets addressed include military, industrial, medical and scientific.

FORWARD LOOKING STATEMENTS: The annual stockholder letter contains forward looking statements which involve risks and uncertainties. Words such as "believes", "expects", "anticipates" and the like indicate forward looking statements. These forward looking statements include comments related to our projected revenue, profitability, product pricing, and customer requirements for new capacity, the timing of technology upgrades, technology transitions, legacy system retirements; product demand and growth in areal density for hard disk drives; demand for photovoltaic cells and the timing of technology transitions for the photovoltaic industry; length of product development, marketing and deployment cycles for our new Equipment and Photonics products and our ability to proliferate our Photonics technology and products into military programs. Our actual results may differ materially from the results discussed in the forward looking statements for a variety of reasons, including those set forth under "Risk Factors" and should be read in conjunction with the Consolidated Financial Statements and related Notes contained elsewhere in this Annual Report on Form 10-K.

LETTER TO OUR STOCKHOLDERS

INTEVAC 2010

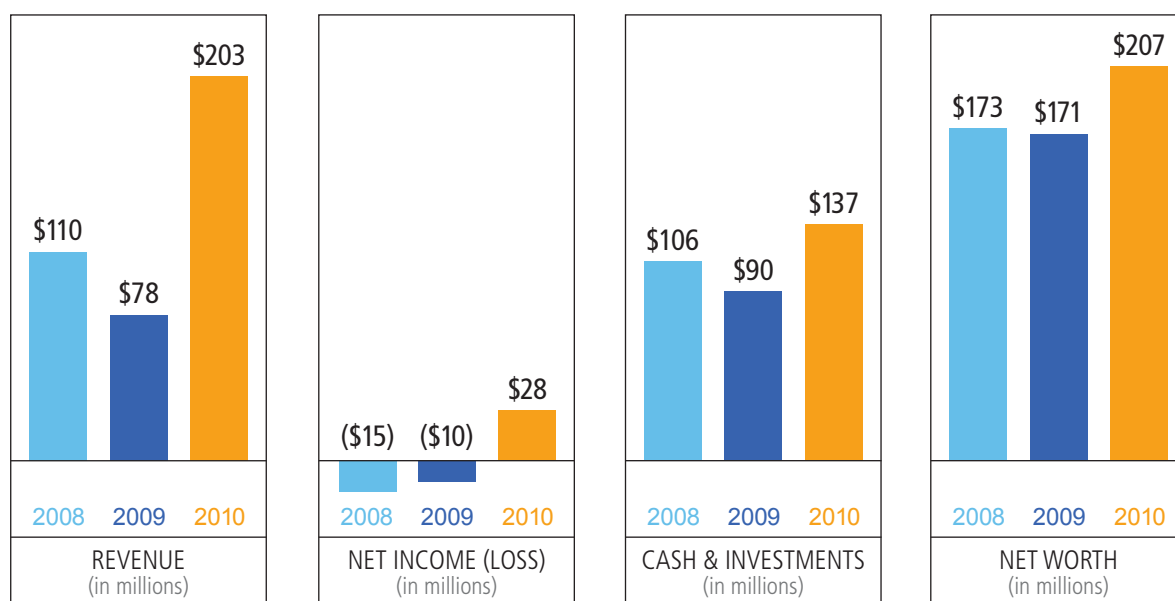
Our business rebounded strongly from a difficult 2009. Our hard drive customers exited 2009 with media manufacturing capacity insufficient for the anticipated growth expected in 2010. As a result, our customers invested in additional capacity as well as technology upgrades at a level we have not experienced since 2007. This resulted in revenue growth in our Equipment business of 227% for the year. Our Photonics business also had strong year over year revenue growth of 29% as we continued to solidify our technology-leading position in digital night vision as we ramp the production of these products.

We continued to benefit from our lean operational model, which enabled the Company to quickly ramp production and deliver solid financial results as the business grew sharply, while continuing to invest in our products and emerging market opportunities. We were able to rapidly ramp our production 650% to meet our hard drive customers' system delivery needs with the majority of shipments in the second and third quarters of 2010.

Our 2010 revenue was \$202.5 million, an increase of 160% over 2009. Equipment revenues were \$168.2 million and Photonics revenues were \$34.3 million. In 2010, Photonics product revenue grew 52% year over year, representing 47% of Photonics revenue. Photonics ended the year with its eighth consecutive quarter of revenue growth.

Our strong operational performance resulted in record gross margins of 47.2% for our Equipment business and earnings of \$1.22 per share. We ended 2010 with cash and investments of \$137.4 million, an increase of \$47.5 million over 2009. Additionally, the Company was successful in winning our arbitration case against Citibank, freeing up \$55 million of our auction rate securities investments.

FINANCIAL HIGHLIGHTS: 2008 • 2009 • 2010



LOOKING FORWARD

OUR KEY STRATEGIC INITIATIVES

As we enter 2011, we will continue to focus on our three primary strategic initiatives: maintaining our market and product leadership position in magnetic media production systems, developing a significant and profitable Photonics business and diversifying our Equipment business beyond magnetic media.



Maintain our market and product leadership position in magnetic media production systems

We believe that our magnetic media manufacturing systems provide the leading productivity and technology solutions to the hard drive industry. We continue to partner closely with customers to deliver technology solutions that support their technology roadmaps as well as improve their yields and lower their cost of ownership. The next significant technology transitions are thermal assisted recording and patterned media. We have shipped the industry's first systems for both of these technologies and continue to work with our customers' development teams.

Three factors drive the growth of our Hard Disk Equipment business: additional capacity systems, replacement of older-generation legacy systems and technology upgrades. The need for additional capacity is impacted by the growth in hard drive shipments, the number of disks per hard drive, and the increase in the areal density of the disks. In 2010, hard drive shipments grew 19% to 655 million units. This, combined with approximately half our system shipments replacing existing legacy tools, resulted in the highest level of system shipments we have experienced since 2007. We expect to ship fewer systems in 2011 as the industry is not expected to achieve the same level of growth experienced in 2010. We will continue to focus on tightly managing our costs while investing in new technologies to position the Company for significant growth as the next technology transitions begin.

We believe the long term outlook for our media manufacturing business is very promising with analysts projecting a doubling of hard drive shipments between 2010 and 2020. This is due to the ongoing explosion in digital data generation and associated storage coupled with the significant cost advantage of hard drives over other forms of storage. The improvement rate in areal density is expected to slow over the next several years; this, combined with increased demand for higher capacity drives, should result in an ongoing need for new capacity systems. We also expect significant business from the technology transitions required to increase areal density from today's level.

Develop a significant and profitable Photonics business

Intevac has a long history as a leader in advanced low light imaging and night vision products. We initially manufactured analog night vision sensors prior to developing digital low light sensors. Our family of digital low light sensors and cameras address the needs of the military markets. Our technology-leading products are being integrated into the majority of the digital low light imaging development programs for the U.S. military, setting us up for ongoing long term growth. Our product related revenues are expected to exceed 50% in 2011 and continue to grow in the future as we become less dependent on contract development revenues.

Our Photonics business had a strong growth year in 2010 driven primarily by multiple production programs ramping. We continue to focus on driving down our costs and have made progress on increasing the production yields for our major sensor programs substantially benefitting our costs on future programs.

Revenue growth in 2011 will be constrained by two factors. Several of our large development contracts are now completed and we are transitioning to the initial production phase later this year. Further, contract funding on several new large

programs has been postponed by at least a full quarter due to the delay in the approval of the 2011 U.S. Defense budget. Long term, we believe the Photonics business will provide significant value to our investors as our unique technology transitions into volume production on a multitude of programs where our technology is "designed in" as well as on future anticipated programs.

Diversify our Equipment business beyond magnetic media

We are leveraging our expertise in developing, manufacturing and marketing high-productivity process systems to enter the much larger photovoltaic cell manufacturing market. The photovoltaic industry grew significantly in 2010 and strong growth is forecasted to continue as the cost of producing solar electricity moves towards achieving "grid parity." Grid parity is achieved when the cost of photovoltaic-generated electricity is equivalent to the delivered cost of electricity coming from traditional generation sources.

The roadmap for lower-cost silicon cell based modules is well defined and will require more sophisticated process steps. We believe we can bring value to the industry with our deep process technology expertise in deposition, etching and doping by ion implant combined with our high-productivity system expertise. With our acquisition of Solar Implant Technologies in late 2010, we now have all the required expertise to develop a complete set of vacuum process modules to support the industry's technology and cost reduction roadmaps.

In 2010, we shipped our first LEAN SOLAR™ system derived from our hard drive disk processing system for the manufacturing of thin film CIGS photovoltaic cells and began development of a second generation system able to process both silicon and thin film cells. This system will have throughputs measured in thousands of cells per hour and be compatible with all our process modules. Our first deposition system is planned to ship in early 2011.

Our focus in 2011 is to complete the development of additional process modules beyond our current sputtering deposition module and begin customer qualification later in the year, positioning us for significant revenue growth in 2012.

We entered the solar cell inspection market in 2010 with the NanoVista™ photoluminescence inspection system. NanoVista incorporates our unique sensor technology specifically optimized for solar cell manufacturing. This system provides customers with full cell area maps of parameters critical to cell conversion efficiency that can be used to monitor manufacturing quality and help improve the manufacturing process. Initial customer results from our beta site and customer demos have been positive. We expect to ramp shipments in 2011.

The served available market for our photovoltaic processing systems is expected to grow from less than one billion dollars today to three billion dollars by 2015. We believe this market will be driven by the falling costs of photovoltaic electricity generation coupled with the escalating costs of carbon based fuels and the ongoing concerns regarding carbon dioxide. Our proven expertise in high-productivity process systems clearly aligns with the needs of this market.

In 2010, our team demonstrated operational excellence by quickly ramping our factories to meet customer demand while continuing to bring new products to market. In 2011, we are focusing our business on the goal of continuing to address our customers' need for high value innovative technology products at a low cost.

I wish to express my sincere appreciation to our employees for their hard work, commitment, and creativity as well as to our customers and stockholders for their ongoing support.



Kevin Fairbairn
President and CEO

INTEVAC, INC.

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

3560 Bassett Street
Santa Clara, CA • 95054-2704
408.986.9888

INVESTOR INFORMATION

The Company's Annual Report, its 10-K and 10-Q reports to the SEC, and other information about Intevac, Inc. are available at www.intevac.com or by e-mail to jdiener@intevac.com.

INVESTOR RELATIONS CONTACT

JEFFREY S. ANDRESON
408.986.9888

REGISTRAR AND TRANSFER AGENT

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GENERAL COUNSEL

WILSON SONSINI GOODRICH & ROSATI
650 Page Mill Road
Palo Alto, CA • 94304-1050

COMMON STOCK

The Company's Common Stock trades on the NASDAQ® National Market tier of the NASDAQ Stock Market under the symbol IVAC.

STOCK PRICE HISTORY

	4/3/10	7/3/10	10/2/10	12/31/10
High	\$16.82	\$15.48	\$11.57	\$15.25
Low	\$13.63	\$10.48	\$ 9.04	\$ 9.73

DIVIDENDS

The Company has not paid or declared any cash dividends.

2011 ANNUAL STOCKHOLDERS' MEETING

Intevac's Annual Stockholders' Meeting will be held on Wednesday, May 18, 2011 at 4:30 p.m. (PDT) at Intevac Corporate Headquarters, 3560 Bassett Street, Santa Clara, CA, 95054

CORPORATE OFFICERS

JEFFREY S. ANDRESON (2007)

Executive Vice President
Finance and Administration
Chief Financial Officer,
Treasurer and Secretary

KIMBERLY M. BURK (2000)

Vice President, Human Resources

KEVIN P. FAIRBAIRN (2002)

President and
Chief Executive Officer

LUKE A. MARUSIAK (2010)

Executive Vice President and
Chief Operations Officer

JOSEPH S. PIETRAS (2006)

Executive Vice President and
General Manager
Intevac Photonics

NORMAN H. POND (1990)

Chairman of the Board

MICHAEL A. RUSSAK (2008)

Executive Vice President and
General Manager
Hard Disk Equipment Products

CHRISTOPHER W. SMITH (2010)

Executive Vice President
Emerging Markets

BOARD OF DIRECTORS

DAVID S. DURY (2002)^{1,4}

Co-Founder, Mentor Capital Group LLC

KEVIN P. FAIRBAIRN (2002)

President and Chief Executive Officer

STANLEY J. HILL (2004)^{2,3}

Former Chairman and
Chief Executive Officer
Kaiser Aerospace & Electronics Corporation

NORMAN H. POND (1990)

Chairman of the Board

THOMAS M. ROHR'S (2010)^{1,2}

Chief Executive Officer
Skyline Solar

JOHN F. SCHAEFER (2010)^{2,3}

Former Chairman and
Chief Executive Officer
Phase Metrics

PING YANG (2006)^{1,3}

Former Vice President
Research and Development
Taiwan Semiconductor Manufacturing
Company (TSMC)

¹ Audit Committee Member

² Compensation Committee Member

³ Nominating and Governance Committee Member

⁴ Lead Independent Director

The year () following each name indicates when the individual joined Intevac and/or the Intevac Board of Directors.

INTEVAC WORLDWIDE



CORPORATE HEADQUARTERS

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ADDITIONAL U.S. LOCATIONS

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F: 760.476.0620

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INTEVAC

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