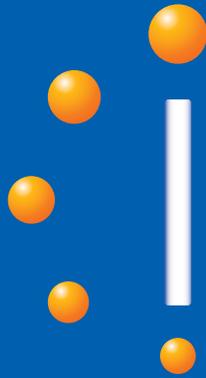


ANNUAL REPORT 2012

INTEVAC



COMPANY PROFILE

Intevac is a leader in the design, development and manufacturing of high-productivity, vacuum process equipment solutions. Our systems are production-proven for high-volume manufacturing of small substrates with precise thin film properties, such as those required in the hard drive and solar cell markets we currently serve.

In the hard drive industry, our 200 Lean[®] systems process approximately 60% of all magnetic disk media produced worldwide. In the solar cell manufacturing industry, our LEAN SOLAR[™] systems increase the conversion efficiency of silicon solar cells.

Our Photonics business is a leader in the design and manufacturing of leading-edge, high-sensitivity imaging products and vision systems which primarily address the defense markets.

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, market share, requirements for and timing of new capacity, the timing of technology upgrades, hard disk areal density growth and technology transitions; the proliferation of new process steps for the photovoltaic cell manufacturing industry; the demand for hard disk drives and photovoltaic cells; length of development, marketing and deployment cycles for our new Equipment and Photonics products; our ability to proliferate our Photonics technology and products into major military programs; and our growth in government 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

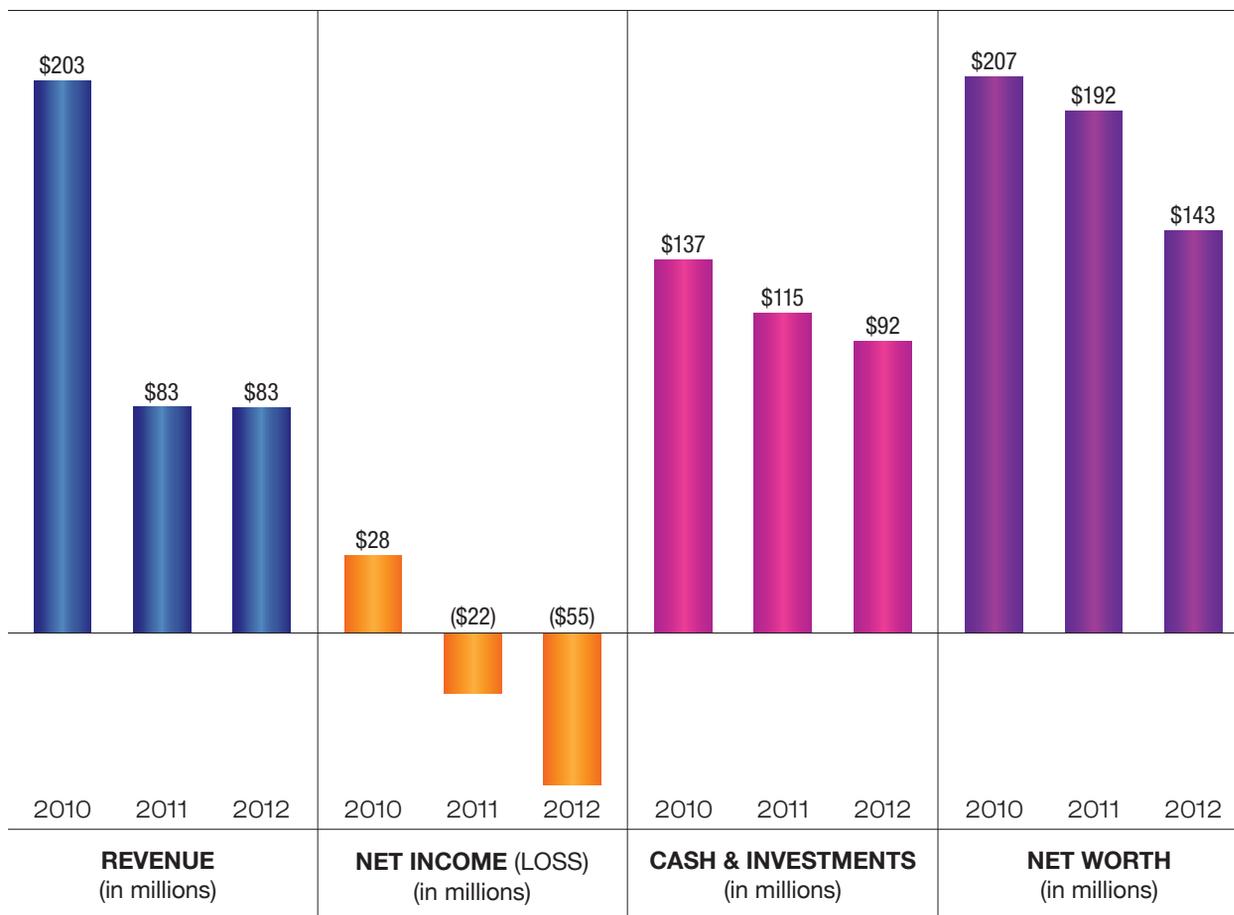
In 2012, Intevac's hard drive equipment business was negatively impacted by the weakening macro-economic environment, industry consolidation, the historic Thailand flooding in 2011 and the transition of PC-based data storage to Cloud-based storage.

Our solar equipment business introduced two innovative processing systems designed to increase cell efficiency: ENERGY™ ion implant and NanoTexture™ etc. We have shipped three systems to date with two ion implant systems currently undergoing evaluation at customer facilities.

Last year, our Photonics business returned to growth with revenues up 10% over 2011, and became profitable in the second half of 2012. Our advanced technologies enable the U.S. Military to develop new capabilities and improve the performance of existing systems by replacing analog equipment with digital.

Our 2012 revenue was \$83 million with a net loss of \$55 million or \$2.37 per share. This included a \$23 million valuation allowance established for certain federal deferred tax assets and \$18 million in goodwill and intangibles impairment charges. We continued to maintain a strong balance sheet, ending the year with cash and investments of \$92 million and no debt.

FINANCIAL HIGHLIGHTS: 2010 | 2011 | 2012



LOOKING FORWARD

2012 was a difficult year for Intevac due to the volatile global economy and the basic nature of complex, cyclical businesses. While we expect this situation to continue into 2013, we remain optimistic. By adapting to current operating environments, implementing sustainable spending levels, and providing our customers with the most innovative solutions, we can achieve greater success and improved financial performance.



HDD Equipment

Our hard disk drive (HDD) business faced a challenging year due to the weakened macro-economic environment and the industry's transition from PC-based storage to centralized Cloud-based storage. This significantly affected our core business, hard drive sputtering equipment.

Data storage is expected to grow this year, and the number of disks per drive is expected to increase; however, since the industry is still operating below capacity, we expect low demand for our hard drive systems in 2013. Despite the current environment, Intevac remains the leader in magnetic media processing equipment with approximately 60% of all disk media made on our systems. We have the largest market share, the most customers, and the best technology. We expect to enjoy continued success and are working to increase our market share.

We believe that a major factor in the decline of the HDD total addressable market has been the shift of some storage to the Cloud. In the Cloud, drives are utilized more efficiently thus requiring fewer drives for a given amount of storage. This transition will be the key driver for disks to switch from the number of PC's sold to the number of bytes to be stored. When the industry works through this discontinuity we believe that demand for disks will again exceed capacity. This is based on a consensus that data creation will continue to grow at a rapid pace — as much as 50% byte growth per year — which is well above the predicted growth rate of around 20% in areal density per year.

Further, we believe that this increased demand will require more disks, therefore more equipment and disks with higher capacity, thus new technology. We are well positioned to satisfy both needs.

Solar Equipment

Intevac began designing solar cell manufacturing equipment in 2009, an effort that continues. We invested in solar because we have the skills and technology required to compete in this large market and we believe it is a growth business that will complement our cyclical hard drive business.

In 2012, we introduced two innovative products. Our ENERGi ion implant system which provides greater control of the dopant that forms the P-N junction of solar cells to increase conversion efficiency, and our NanoTexture etch system which further increases cell efficiency by reflecting photons from the back surface.

Recently, a large Asian solar cell manufacturer purchased a production ENERGi implant system after successful completion of the initial phase of an evaluation agreement that demonstrated increased cell efficiency.

The photovoltaics industry currently has excess capacity and purchases of production equipment are extremely low; however, solar cell demand is increasing and weaker participants are exiting the business. We are working closely with our customers to demonstrate production readiness, predictable uptime, and high reliability so that we are prepared when additional equipment is required.

Photonics Business

The strength of our Photonics business is providing highly sensitive digital imaging systems for military applications that make it possible to see better at low light levels than with any other technology. With our substantial portfolio of intellectual property, we are the sole source supplier for most of our programs.

Our Photonics business turned the corner to operating profitability in the second half of 2012 and provides products that enable the development of new military capabilities and improve the performance of existing systems by replacing analog equipment with advanced digital equipment. We believe that Photonics is a growth business, not due to increasing military budgets, but because we expect our systems to be integrated into multiple existing platforms and that we will win new applications.

In Summary

This year we expect HDD equipment and Photonics systems sales to generate operating profits and positive cash flow. We will continue to invest in our solar equipment business, but at a reduced level of operating expenses and working capital.

I sincerely appreciate the hard work of our employees throughout 2012 and their continued efforts to help us achieve our goals in 2013. To our customers and stockholders, I thank you for your ongoing support.



Norman H. Pond
Chairman and
Chief Executive Officer

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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INDEPENDENT AUDITORS

Grant Thornton LLP
150 Almaden Blvd., Suite 600
San Jose, CA • 95113

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

| | 3/31/12 | 6/30/12 | 9/29/12 | 12/31/12 |
|------|---------|---------|---------|----------|
| High | \$9.14 | \$8.76 | \$7.83 | \$6.01 |
| Low | \$7.33 | \$7.14 | \$5.10 | \$4.39 |

DIVIDENDS

The Company has not paid or declared any cash dividends.

CORPORATE OFFICERS

JEFFREY S. ANDRESON (2007)

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

ANDRÉS (DREW) BRUGAL (2012)

Executive Vice President and
General Manager
Intevac Photonics

NORMAN H. POND (1990)

Chairman and
Chief Executive Officer

MICHAEL A. RUSSAK (2008)

Executive Vice President and
General Manager
Hard Disk Equipment

CHRISTOPHER W. SMITH (2010)

Executive Vice President and
General Manager
Solar Equipment

BOARD OF DIRECTORS

DAVID S. DURY (2002) ^{1, 2, 4}

Co-Founder
Mentor Capital Group LLC

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

Former Chairman and
Chief Executive Officer
Kaiser Aerospace & Electronics
Corporation

NORMAN H. POND (1990)

Chairman and
Chief Executive Officer

THOMAS M. ROHRS (2010) ^{1, 2}

Former 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.

2013 ANNUAL STOCKHOLDERS' MEETING

The Intevac Annual Stockholders' Meeting will be held Thursday, May 9, 2013 at 4:30 p.m. (PDT) Intevac Corporate Headquarters
3560 Bassett Street • Santa Clara, CA, 95054

INTEVAC WORLDWIDE



UNITED STATES

Corporate Headquarters

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Intevac Photonics

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Intevac Asia PTE. Ltd.

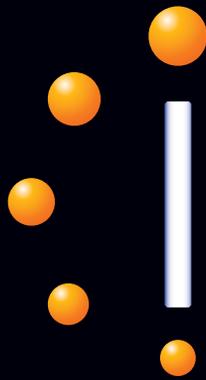
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INTEVAC

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