

INTEVAC INC  
Form DEF 14A  
April 03, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14 (a)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6 (e) (2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11 (c) or Section 240.14a-12

**INTEVAC, INC.**

(Exact Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed per Exchange Act Rules 14a-6 (i) (4) and 0-11.

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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April 3, 2008

Dear Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Intevac, Inc., a Delaware corporation, which will be held Thursday, May 15, 2008, at 4:30 p.m., local time, at our principal executive offices located at 3560 Bassett Street, Santa Clara, California 95054. The accompanying notice of Annual Meeting, proxy statement and form of proxy card are being distributed to you on or about April 4, 2008.

Details regarding admission to the Annual Meeting and the business to be conducted are described in the accompanying proxy materials. Also included is a copy of our 2007 Annual Report. We encourage you to read this information carefully.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the Internet, by telephone or by mailing a proxy card. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting regardless of whether or not you attend in person. Please review the instructions on the proxy card regarding each of these voting options.

Thank you for your ongoing support of Intevac. We look forward to seeing you at the Annual Meeting. Please notify Joanne Diener at (408) 496-2242 if you plan to attend.

Sincerely yours,

Kevin Fairbairn  
*President and Chief Executive Officer*

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**INTEVAC, INC.**  
**3560 Bassett Street**  
**Santa Clara, California 95054**

**NOTICE OF ANNUAL MEETING**  
**FOR 2008 ANNUAL MEETING OF STOCKHOLDERS**

- Time and Date:** Thursday, May 15, 2008 at 4:30 p.m., Pacific time.
- Place:** Intevac's principal executive offices, located at: 3560 Bassett Street, Santa Clara, California 95054.
- Items of Business:**
- (1) To elect directors to serve for the ensuing year or until their respective successors are duly elected and qualified.
  - (2) To approve an amendment to the 2004 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 500,000.
  - (3) To ratify the appointment of Grant Thornton LLP as Intevac's independent public accountants for the fiscal year ending December 31, 2008.
  - (4) To transact such other business as may properly come before the Annual Meeting.
- These items of business are more fully described in the proxy statement accompanying this notice.
- Adjournments and Postponements:** Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.
- Record Date:** You are entitled to vote if you were a stockholder of record as of the close of business on March 26, 2008.
- Voting:** **Your vote is very important. Whether or not you plan to attend the Annual Meeting, we encourage you to read the proxy statement and submit your proxy card or vote on the Internet or by telephone as soon as possible. For specific instructions on how to vote your shares, please refer to the section entitled Questions and Answers About Procedural Matters and the instructions on the enclosed proxy card.**

All stockholders are cordially invited to attend the Annual Meeting in person.

By Order of the Board of Directors,

JEFFREY ANDRESON  
*Vice President, Finance and Administration,*  
*Chief Financial Officer, Treasurer and Secretary*

*This notice of Annual Meeting, proxy statement and accompanying form of proxy card are being distributed on or about April 4, 2008.*

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**INTEVAC, INC.  
3560 Bassett Street  
Santa Clara, California 95054**

**PROXY STATEMENT  
FOR 2008 ANNUAL MEETING OF STOCKHOLDERS**

**QUESTIONS AND ANSWERS ABOUT PROCEDURAL MATTERS**

**Annual Meeting**

**Q: Why am I receiving these proxy materials?**

A: The Board of Directors of Intevac, Inc. is providing these proxy materials to you in connection with the solicitation of proxies for use at the 2008 Annual Meeting of Stockholders (the Annual Meeting ) to be held Thursday, May 15, 2008 at 4:30 p.m., Pacific time, or at any adjournment or postponement thereof for the purpose of considering and acting upon the matters set forth herein. The notice of Annual Meeting, this proxy statement and accompanying form of proxy card are being distributed to you on or about April 4, 2008.

**Q: Where is the Annual Meeting?**

A: The Annual Meeting will be held at Intevac's principal executive offices, located at 3560 Bassett Street, Santa Clara, California 95054. The telephone number at that location is 408-986-9888.

**Q: Can I attend the Annual Meeting?**

A: You are invited to attend the Annual Meeting if you were a stockholder of record or a beneficial owner as of March 26, 2008. You should bring photo identification for entrance to the Annual Meeting. The meeting will begin promptly at 4:30 p.m., Pacific time.

**Stock Ownership**

**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: *Stockholders of record* If your shares are registered directly in your name with Intevac's transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the stockholder of record. These proxy materials have been sent directly to you by Intevac.

*Beneficial owners* Many Intevac stockholders hold their shares through a broker, trustee or other nominee, rather than directly in their own name. If your shares are held in a brokerage account or by a bank or another nominee, you are considered the beneficial owner of shares held in street name. The proxy materials have been forwarded to you by your broker, trustee or nominee, who is considered, with respect to those shares, the stockholder of record.

As the beneficial owner, you have the right to direct your broker, trustee or other nominee on how to vote your shares. For directions on how to vote shares beneficially held in street name, please refer to the voting instruction card provided by your broker, trustee or nominee. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote those shares at the Annual Meeting.

### **Quorum and Voting**

**Q: How many shares must be present or represented to conduct business at the Annual Meeting?**

A: The presence of the holders of a majority of the shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Such stockholders are counted as present at the meeting if they (1) are present in person at the Annual Meeting or (2) have properly submitted a proxy.

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Under the General Corporation Law of the State of Delaware, abstentions and broker non-votes are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

**Q: Who is entitled to vote at the Annual Meeting?**

A: Holders of record of Intevac's common stock, par value \$0.001 per share (the Common Stock) at the close of business on March 26, 2008 (the Record Date) are entitled to receive notice of and to vote their shares at the Annual Meeting. Such stockholders are entitled to cast one vote for each share of Common Stock held as of the Record Date.

At the Record Date, we had 21,676,198 shares of our Common Stock outstanding and entitled to vote at the Annual Meeting, held by 124 stockholders of record. We believe that approximately 8,200 beneficial owners hold shares through brokers, fiduciaries and nominees. No shares of Intevac's preferred stock were outstanding.

**Q: How can I vote my shares in person at the Annual Meeting?**

A: Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, trustee or other nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy card or voting instructions as described below, so that your vote will be counted if you later decide not to attend the meeting.

**Q: How can I vote my shares without attending the Annual Meeting?**

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For instructions on how to vote, please refer to the instructions below and those included on your proxy card or, for shares held beneficially in street name, the voting instructions provided to you by your broker, trustee or nominee.

*By mail* Stockholders of record of Intevac Common Stock may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. Proxy cards submitted by mail must be received by the time of the meeting in order for your shares to be voted. Intevac stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instructions provided by their brokers, trustees or nominees and mailing them in the accompanying pre-addressed envelopes.

*By Internet* Stockholders of record of Intevac Common Stock with Internet access may submit proxies by following the Vote by Internet instructions on their proxy cards until 11:00 p.m., Pacific time, on May 14, 2008. Most Intevac stockholders who hold shares beneficially in street name may vote by accessing the web site specified in the voting instructions provided by their brokers, trustees or nominees. Please check the voting instructions for Internet voting availability.



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*By telephone* Stockholders of record of Intevac Common Stock who live in the United States, Puerto Rico or Canada may submit proxies by following the *Vote by Phone* instructions on their proxy cards until 11:00 p.m., Pacific time, on May 14, 2008. Most Intevac stockholders who hold shares beneficially in street name may vote by phone by calling the number specified in the voting instructions provided by their brokers, trustees or nominees. Please check the voting instructions for telephone voting availability

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**Q: What proposals will be voted on at the Annual Meeting?**

A: At the Annual Meeting, stockholders will be asked to vote on:

- (1) The election of directors to serve for the ensuing year or until their respective successors are duly elected and qualified;
- (2) An amendment to the 2004 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 500,000; and
- (3) The ratification of the appointment of Grant Thornton LLP as independent public accountants of Intevac for the fiscal year ending December 31, 2008.

**Q: What is the voting requirement to approve each of the proposals?**

A: *Proposal One* A plurality of the votes cast is required for the election of directors. You may vote FOR or WITHHOLD on each of the six nominees for election as director. The six nominees for director receiving the highest number of affirmative votes will be elected as directors of Intevac to serve for a term of one year or until their respective successors have been duly elected and qualified. Abstentions and broker non-votes will not affect the outcome of the election.

*Proposal Two* The affirmative vote of a majority of votes represented and voting at the Annual Meeting votes cast is required for approval of the amendment to add an additional 500,000 shares to the Intevac 2004 Equity Incentive Plan. You may vote FOR, AGAINST or ABSTAIN on this proposal. **Abstentions are deemed to be votes cast and have the same effect as a vote against this proposal.** However, broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal.

*Proposal Three* The affirmative vote of a majority of votes cast is required to ratify the appointment of Grant Thornton LLP as Intevac's independent public accountants. You may vote FOR, AGAINST or ABSTAIN on this proposal. **Abstentions are deemed to be votes cast and have the same effect as a vote against this proposal.** However, broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal.

Stockholder ratification of the selection of Grant Thornton LLP as Intevac's independent public accountants is not required by our Bylaws or other applicable legal requirements. However, the Board is submitting the selection of Grant Thornton LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent accounting firm at any time during the year, if it determines that such a change would be in the best interests of Intevac and its stockholders.

**Q: How does the Board of Directors recommend that I vote?**

A: The Board of Directors recommends that you vote your shares:

FOR the election of all of the nominees as director listed in Proposal One;

FOR the adoption of the amendment to add an additional 500,000 shares to the Intevac 2004 Equity Incentive Plan; and

FOR the proposal to ratify the selection of Grant Thornton LLP as Intevac's independent public accountants for the fiscal year ending December 31, 2008.

**Q: If I sign a proxy, how will it be voted?**

A: All shares entitled to vote and represented by properly executed proxy cards received prior to the applicable deadlines described above (and not revoked) will be voted at the Annual Meeting in accordance with the instructions indicated on those proxy cards. If no instructions are indicated on a properly executed proxy card, the shares represented by that proxy card will be voted as recommended by the Board of Directors.

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**Q: What happens if additional matters are presented at the Annual Meeting?**

A: If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the enclosed proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. Intevac does not currently anticipate that any other matters will be raised at the Annual Meeting.

**Q: Can I change or revoke my vote?**

A: Subject to any rules and deadlines your broker, trustee or nominee may have, you may change your proxy instructions at any time before your proxy is voted at the Annual Meeting.

If you are a stockholder of record, you may change your vote by (1) filing with Intevac's Secretary, prior to your shares being voted at the Annual Meeting, a written notice of revocation or a duly executed proxy card, in either case dated later than the prior proxy card relating to the same shares, or (2) by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy). A stockholder of record that has voted on the Internet or by telephone may also change his or her vote by making a timely and valid later Internet or telephone vote.

If you are a beneficial owner of shares held in street name, you may change your vote (1) by submitting new voting instructions to your broker, trustee or other nominee or (2) if you have obtained a legal proxy from the broker, trustee or other nominee that holds your shares giving you the right to vote the shares, by attending the Annual Meeting and voting in person.

Any written notice of revocation or subsequent proxy card must be received by Intevac's Secretary prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to Intevac's Secretary or should be sent so as to be delivered to Intevac's principal executive offices, Attention: Corporate Secretary.

**Q: Who will bear the cost of soliciting votes for the Annual Meeting?**

A: Intevac will bear all expenses of this solicitation, including the cost of preparing and mailing these proxy materials. Intevac may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of Common Stock for their reasonable expenses in forwarding solicitation material to such beneficial owners. Directors, officers and employees of Intevac may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Intevac may engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. Our costs for such services, if retained, will not be significant.

**Q: Where can I find the voting results of the Annual Meeting?**

A: We intend to announce preliminary voting results at the Annual Meeting and will publish final results in our quarterly report on Form 10-Q for the second quarter of fiscal 2008.

**Stockholder Proposals and Director Nominations**

**Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?**

A: You may submit proposals, including director nominations, for consideration at future stockholder meetings.

*Requirements for stockholder proposals to be considered for inclusion in Intevac's proxy materials* Stockholders may present proper proposals for inclusion in Intevac's proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals in writing to Intevac's Secretary in a timely manner. In order to be included in the proxy statement for the 2009 annual meeting of stockholders, stockholder proposals must be received by Intevac's Secretary no later than December 5, 2008, and must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

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*Requirements for stockholder proposals to be brought before an annual meeting* In addition, Intevac's bylaws establish an advance notice procedure for stockholders who wish to present certain matters before an annual meeting of stockholders. In general, nominations for the election of directors may be made by (1) the Board of Directors, (2) the Nominating and Governance Committee or (3) any stockholder entitled to vote who has delivered written notice to Intevac's Secretary no later than the Notice Deadline (as defined below), which notice must contain specified information concerning the nominees and concerning the stockholder proposing such nominations.

Intevac's bylaws also provide that the only business that may be conducted at an annual meeting is business that is (1) specified in the notice of meeting given by or at the direction of the Board of Directors, (2) properly brought before the meeting by or at the direction of the Board of Directors or (3) properly brought before the meeting by a stockholder who has delivered written notice to the Secretary of Intevac no later than the Notice Deadline (as defined below).

The Notice Deadline is defined as that date which is 120 days prior to the one year anniversary of the date on which Intevac first mailed its proxy materials to stockholders for the previous year's annual meeting of stockholders. As a result, the Notice Deadline for the 2009 annual meeting of stockholders is December 5, 2008.

If a stockholder who has notified Intevac of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, Intevac need not present the proposal for vote at such meeting.

If a stockholder intends to raise a proposal at our 2008 Annual Meeting of Stockholders that is not eligible for inclusion in the proxy statement relating to the meeting and the stockholder has failed to give us notice in accordance with the requirements set forth in the Securities Exchange Act by February 21, 2008 and the bylaw notice requirements set forth above are inapplicable or waived, the proxy holders will be allowed to use their discretionary authority when and if the proposal is raised at our 2008 Annual Meeting.

**Q: How may I obtain a copy of the bylaw provisions regarding stockholder proposals and director nominations?**

A: A copy of the full text of the bylaw provisions discussed above may be obtained by writing to the Secretary of Intevac. All notices of proposals by stockholders, whether or not included in Intevac's proxy materials, should be sent to Intevac's principal executive offices, Attention: Secretary.

**Additional Information about the Proxy Materials**

**Q: How can I obtain electronic copies of the proxy materials for the 2008 Annual Meeting?**

A: This proxy statement and Intevac's Annual Report on Form 10-K for Fiscal 2007 are available electronically at the Investor Relations page of our website at [www.intevac.com](http://www.intevac.com).

**Q: What should I do if I receive more than one set of proxy materials?**

A: You may receive more than one set of proxy materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more

than one proxy card. Please complete, sign, date and return each Intevac proxy card or voting instruction card that you receive to ensure that all your shares are voted.

**Q: How may I obtain a separate set of proxy materials or the 2007 Annual Report?**

A: If you share an address with another stockholder, each stockholder may not receive a separate copy of the proxy materials and 2007 Annual Report.

Stockholders who do not receive a separate copy of the proxy materials and 2007 Annual Report may request to receive a separate copy of the proxy materials and 2007 Annual Report by calling 408-986-9888 or by writing to Investor Relations at Intevac's principal executive offices. Alternatively, stockholders who share an address and

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receive multiple copies of our proxy materials and 2007 Annual Report can request to receive a single copy by following the instructions above, although each stockholder of record or beneficial owner must still submit a separate proxy card.

**Q: What is the mailing address for Intevac's principal executive offices?**

A: Intevac's principal executive offices are located at 3560 Bassett Street, Santa Clara, California 95054.

Any written requests for additional information, additional copies of the proxy materials and 2007 Annual Report, notices of stockholder proposals, recommendations for candidates to the Board of Directors, communications to the Board of Directors or any other communications should be sent to this address.

**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

At the Annual Meeting, six directors (constituting the entire board) are to be elected to serve until the next Annual Meeting of Stockholders and until a successor for any such director is elected and qualified, or until the death, resignation or removal of such director. The six candidates receiving the highest number of the affirmative votes of the shares entitled to vote at the Annual Meeting will be elected directors of Intevac.

It is intended that the proxies will be voted for the six nominees named below unless authority to vote for any such nominee is withheld. All six nominees are currently directors of Intevac, and all were elected to the Board by the stockholders at the last Annual Meeting. Each person nominated for election has agreed to serve if elected, and the Board of Directors has no reason to believe that any nominee will be unavailable or will decline to serve. In the event, however, that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any other person who is designated by the current Board of Directors to fill the vacancy. The proxies solicited by this Proxy Statement may not be voted for more than six nominees.

**Nominees**

Set forth below is information regarding the nominees to the Board of Directors.

<b>Name of Nominee</b>	<b>Position(s) with Intevac</b>	<b>Age</b>
Norman H. Pond	Chairman of the Board	69
Kevin Fairbairn	President and Chief Executive Officer	54
David S. Dury	Director	59
Stanley J. Hill	Director	66
Robert Lemos	Director	67
Ping Yang	Director	55

*The Board of Directors Recommends a Vote For all the Nominees Listed Above.*

**Business Experience of Nominees for Election as Directors**

*Mr. Pond* is a founder of Intevac and has served as Chairman of the Board since February 1991. Mr. Pond served as President and Chief Executive Officer from February 1991 until July 2000 and again from September 2001 through



January 2002. Mr. Pond holds a BS in physics from the University of Missouri at Rolla and an MS in physics from the University of California at Los Angeles.

*Mr. Fairbairn* joined Intevac as President and Chief Executive Officer in January 2002 and was appointed a director in February 2002. Before joining Intevac, Mr. Fairbairn was employed by Applied Materials from July 1985 to January 2002, most recently as Vice-President and General Manager of the Conductor Etch Organization with responsibility for the Silicon and Metal Etch Divisions. From 1996 to 1999, Mr. Fairbairn was General Manager of Applied's Plasma Enhanced Chemical Vapor Deposition Business Unit and from 1993 to 1996, he was General Manager of Applied's Plasma Silane CVD Product Business Unit. Mr. Fairbairn holds an MA in engineering sciences from Cambridge University.

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*Mr. Dury* has served as a director of Intevac since July 2002. Mr. Dury is a co-founder of Mentor Capital Group, a venture capital firm formed in July 2000. From 1996 to 2000, Mr. Dury served as Senior Vice-President and Chief Financial Officer of Aspect Development, a software development firm. Mr. Dury holds a BA in psychology from Duke University and an MBA from Cornell University.

*Mr. Hill* was appointed as a director of Intevac in March 2004. Mr. Hill joined Kaiser Aerospace and Electronics Corporation, a privately held manufacturer of electronics and electro-optical systems, in 1969 and served as Chief Executive Officer and Chairman of both Kaiser and K Systems, Inc., Kaiser's parent company, from 1997 until his retirement in 2000. Prior to his appointment as Chief Executive Officer, Mr. Hill served in a number of executive positions at Kaiser. Mr. Hill holds a BS in mechanical engineering from the University of Maine and a Master of engineering from the University of Connecticut and has completed post-graduate studies at the University of Santa Clara business school. He is also a director of First Aviation Services, Inc.

*Mr. Lemos* has served as a director of Intevac since August 2002. Mr. Lemos retired from Varian Associates, Inc. in 1999 after 23 years, including serving as Vice-President and Chief Financial Officer from 1988 to 1999. Mr. Lemos has a BS in business from the University of San Francisco, a JD in law from Hastings College and an LLM in law from New York University.

*Dr. Yang* was appointed as a director of Intevac in March 2006. Dr. Yang was employed by Taiwan Semiconductor Manufacturing Company beginning in 1997 and served as Vice-President of Research and Development from 1999 until 2005. Prior to joining TSMC, Dr. Yang worked at Texas Instruments from 1980 to 1997 where he was Director of Device and Design Flow. Dr. Yang is currently an independent consultant. Dr. Yang holds a BS in physics from National Taiwan University, and an MS and a PhD in electrical engineering from the University of Illinois. He is also a director of Credence and Apache Design Solutions.

**PROPOSAL TWO**

**APPROVAL OF AN AMENDMENT TO THE INTEVAC 2004 EQUITY INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES RESERVED FOR ISSUANCE THEREUNDER BY 500,000 SHARES**

We have historically provided stock options as an incentive to our employees, directors and consultants to promote increased stockholder value. The Board of Directors and management believe that stock options and other types of equity awards are one of the primary ways to attract and retain key personnel responsible for the continued development and growth of the our business, and to motivate all employees to increase stockholder value. In addition, stock options are considered a competitive necessity in the high technology sector in which we compete.

As a result of the desire to attract, give further incentive to and retain current employees, officers and directors, options to purchase 750,000 shares were granted from the 2004 Equity Incentive Plan (the 2004 Plan ) during fiscal 2007. As of December 31, 2007, there were 2,587,854 unexercised options outstanding and 639,853 shares available for grant under the 2004 Plan, not including the 500,000 share increase subject to stockholder approval at this 2008 Annual Meeting. The unexercised options and shares available for grant represent 14.9% of the total Intevac shares outstanding at December 31, 2007. Including the 500,000 shares subject to stockholder approval at this 2008 Annual Meeting, the percentage will increase to 17.2% of the shares outstanding.

**Proposed Amendment**

At the 2008 Annual Meeting, we are asking our stockholders to approve an amendment to the 2004 Plan to increase the number of shares reserved for issuance under the 2004 Plan by 500,000 shares, to an aggregate of 3,400,000 shares reserved for issuance thereunder plus shares remaining from or that otherwise would return to the 1995 Stock

Option/Stock Issuance Plan. The Board of Directors approved the proposed amendment to the 2004 Plan in February 2008, subject to stockholder approval at this 2008 Annual Meeting. The amendment to increase the number of shares reserved under the 2004 Plan is proposed in order to give the Board and the Compensation Committee of the Board greater flexibility to grant stock options and other types of equity awards. The Board and management believe that granting equity awards motivates higher levels of performance, aligns the interests of employees and stockholders by giving employees the perspective of owners with equity stakes in Intevac, and provides an effective means of recognizing employee contributions to our success. The Board and management also

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believe that equity awards are of great value in recruiting and retaining highly qualified technical and other key personnel who are in great demand, as well as rewarding and encouraging current employees and other service providers. Finally, the Board and management believe that the ability to grant equity awards will be important to our future success by helping us to accomplish these objectives.

### **Board of Directors Recommendation**

*The Board of Directors recommends that stockholders vote For the amendment to the 2004 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 500,000 shares.*

### **Summary of the 2004 Equity Incentive Plan**

The following paragraphs provide a summary of the principal features of the 2004 Plan and its operation. The following summary is qualified in its entirety by reference to the 2004 Plan.

#### ***Background and Purpose of the Plan***

The 2004 Plan permits the grant of the following types of incentive awards: (1) stock options, (2) stock appreciation rights, (3) restricted stock, (4) performance units, and (5) performance shares (individually, an Award). The 2004 Plan is intended to help us to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to employees, directors and consultants, and to promote the success of Intevac.

#### ***Administration of the Plan***

Our Board of Directors or the Compensation Committee of our Board of Directors (in either case, the Committee) administers the 2004 Plan. Members of the Committee generally must qualify as outside directors under Section 162(m) of the Internal Revenue Code (so that we are entitled to receive a federal tax deduction for certain compensation paid under the 2004 Plan) and must meet such other requirements as are established by the Securities and Exchange Commission for plans intended to qualify for exemption under Rule 16b-3. For the plan to qualify for exemption under Rule 16b-3, members of the Committee must be non-employee directors. Notwithstanding the foregoing, the Board of Directors also may appoint one or more separate committees to administer the 2004 Plan.

Subject to the terms of the 2004 Plan, the Committee has the sole discretion to select the employees and consultants who will receive Awards, determine the terms and conditions of Awards (for example, the exercise price and vesting schedule), and interpret the provisions of the Plan and outstanding Awards.

A total of 1,200,000 shares of our Common Stock were originally reserved for issuance under the 2004 Plan, and an additional 900,000 and 800,000 shares were reserved and approved by the stockholders at the Company's 2007 and 2006 Annual Meetings, respectively. Proposal Two, if approved, will raise the number of shares reserved by 500,000 shares, to 3,400,000 shares. No more than 20% of the shares reserved for issuance under the 2004 Plan may be issued pursuant to Awards that are not stock options or stock appreciation rights that are granted at exercise prices equal to 100% of the fair market value on the date of grant (that is, pursuant to Awards of restricted stock, performance units, performance shares, discounted stock options or discounted stock appreciation rights). In addition, shares which were reserved but not issued under our 1995 Stock Option/ Stock Issuance Plan (the 1995 Plan) as of the effective date of the 2004 Plan, as well as any shares that would otherwise return to the 1995 Plan, upon cancellation or expiration of awards, are available for issuance under the 2004 Plan.

If an Award expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares generally will be returned to the available pool of shares reserved for issuance under the 2004 Plan. Also, if we

experience a stock split, reverse stock split, stock dividend, combination or reclassification of our common stock or other similar change in our capital structure, the Committee shall adjust the number of shares available for issuance under the 2004 Plan, the price and number of shares subject to outstanding Awards, and the per-person limits on Awards, as appropriate to reflect the stock dividend or other change.

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### ***Eligibility to Receive Awards***

The Committee selects the employees, directors and consultants who will be granted Awards under the 2004 Plan. The actual number of individuals who will receive an Award under the Plan cannot be determined in advance because the Committee has the discretion to select the participants. As of March 26, 2008, approximately 450 employees, directors and consultants would be eligible to participate in the 2004 Plan.

### ***Stock Options***

A stock option is the right to acquire shares of our Common Stock at a fixed exercise price for a fixed period of time. Under the 2004 Plan, the Committee may grant non-statutory stock options and/or incentive stock options (which entitle employees, but not Intevac, to more favorable tax treatment). The Committee determines the number of shares covered by each option, but during any fiscal year, no participant may be granted a combination of options or stock appreciation rights for more than 200,000 shares, except that a participant may be granted a combination of options or stock appreciation rights for an additional 300,000 shares in connection with his or her initial employment.

The exercise price of the shares subject to each option is set by the Committee but cannot be less than 100% of the fair market value (on the date of grant) of the shares covered by incentive stock options or by non-statutory options that are intended to qualify as performance-based under Section 162(m) of the Internal Revenue Code. In addition, the exercise price of an incentive stock option must be at least 110% of fair market value if (on the grant date) the participant owns stock possessing more than 10% of the total combined voting power of all classes of our stock or any of our subsidiaries. The aggregate fair market value of the shares (determined on the grant date) covered by incentive stock options that first become exercisable by any participant during any calendar year also may not exceed \$100,000.

An option granted under the 2004 Plan cannot generally be exercised until it becomes vested. Options become exercisable at the times and on the terms established by the Committee at the time of grant. Options granted under the 2004 Plan expire at the times established by the Committee, but the term of an incentive stock option cannot be greater than 10 years after the grant date (5 years in the case of an incentive stock option granted to a participant who owns stock possessing more than 10% of the total combined voting power of all classes of our stock or any of our subsidiaries).

The exercise price of each option granted under the 2004 Plan must be paid in full at the time of exercise. The exercise price may be paid in any form determined by the Committee, including, but not limited to, cash, check, surrender of certain shares, or pursuant to a cashless exercise program. The Committee may also permit, in some cases, the exercise price to be paid by means of a promissory note or through a reduction in the amount of our liability to the participant.

After a termination of service with Intevac, a participant will be able to exercise the vested portion of his or her option for the period of time stated in the Option agreement. If no such period of time is stated in the participant's Option agreement, the participant will generally be able to exercise his or her option for (i) three months following his or her termination for reasons other than death or disability, and (ii) twelve months following his or her termination due to death or disability.

### ***Stock Appreciation Rights***

Stock appreciation rights are awards that grant the participant the right to receive an amount, payable in cash or stock as specified at the time of grant, equal to (1) the number of shares exercised, times (2) the amount by which our then current stock price exceeds the exercise price. The exercise price will be set on the date of grant, but can vary in accordance with a predetermined formula. An individual will be able to profit from a stock appreciation right only if

the fair market value of our stock increases above the exercise price.

Awards of stock appreciation rights may be granted in connection with all or any part of an option, either concurrently with the grant of an option or at any time thereafter during the term of the option, or may be granted independently of options. There are three types of stock appreciation rights available for grant under the 2004 Plan. A tandem stock appreciation right is a stock appreciation right granted in connection with an option that entitles

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the participant to exercise the stock appreciation right by surrendering to us a portion of the unexercised related option. A tandem stock appreciation right may be exercised only with respect to the shares for which its related option is then exercisable. An affiliated stock appreciation right is a stock appreciation right granted in connection with an option that is automatically deemed to be exercised upon the exercise of the related option, but does not necessitate a reduction in the number of shares subject to the related option. A freestanding stock appreciation right is one that is granted independent of any options. No participant may be granted a combination of options or stock appreciation rights covering more than 200,000 shares in any fiscal year, except that a participant may be granted a combination of options or stock appreciation rights covering an additional 300,000 shares in connection with his or her initial employment.

The Committee determines the terms of stock appreciation rights, except that the exercise price of a tandem or affiliated stock appreciation right must be equal to the exercise price of the related option. When a tandem stock appreciation right granted in connection with an option is exercised, the related option, to the extent surrendered, will cease to be exercisable. A tandem or affiliated stock appreciation right that is granted in connection with an option will be exercisable until, and will expire, no later than the date on which the related option ceases to be exercisable or expires. A freestanding stock appreciation right that is granted without a related option will be exercisable, in whole or in part, at such time as the Committee specifies in the stock appreciation right agreement.

The participant who exercises a stock appreciation right will receive from us an amount equal to the excess of the fair market value of a share on the date of exercise of the stock appreciation right over the exercise price times the number of shares with respect to which the stock appreciation right is exercised. Our obligation arising upon the exercise of a stock appreciation right may be paid in shares or in cash, or any combination thereof, as the Committee may determine.

No stock appreciation right may have a term of more than ten years from the date of grant. After termination of service with Intevac, a participant will be able to exercise the vested portion of his or her stock appreciation right for the period of time stated in the Award agreement. If no such period of time is stated in a participant's Award agreement, a participant will generally be able to exercise his or her vested stock appreciation rights for the same period of time as applies to stock options.

### ***Restricted Stock***

Awards of restricted stock are shares that are issued to participants but that vest in accordance with the terms and conditions established by the Committee. Awards of restricted stock are rights to acquire or purchase shares of our common stock, which vest in accordance with the terms and conditions established by the Administrator in its sole discretion. For example, the Committee may set restrictions based on the achievement of specific performance goals. The Committee, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

The Committee determines the number of shares of restricted stock granted to any employee or consultant, but no participant may be granted more than 125,000 shares of restricted stock in any fiscal year, except that a participant may be granted up to an additional 175,000 shares of restricted stock in connection with his or her initial employment.

In determining whether an Award of restricted stock should be made, and/or the vesting schedule for any such Award, the Committee may impose whatever conditions to vesting as it determines to be appropriate. Upon termination of service, unvested shares of restricted stock generally will be forfeited.

### ***Performance Units and Performance Shares***



Performance units and performance shares are Awards that will result in a payment to a participant only if performance objectives established by the Committee are achieved or the Awards otherwise vest. The applicable performance objectives will be determined by the Committee, and may be based upon the achievement of Company-wide, divisional or individual goals or upon any other basis determined by the Committee. Performance units have an initial value that is established by the Committee on or before the date of grant. Performance shares have an initial value equal to the fair market value of a share on the date of grant. The Committee determines the number of performance units and performance shares granted to a participant, but no participant may be granted

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performance units with an initial value greater \$750,000 or granted more than 125,000 performance shares in any fiscal year, except that a participant may be granted performance units with an initial value up to an additional \$750,000 and/or an additional 175,000 performance shares in connection with his or her initial employment.

### ***Performance Goals***

Under Section 162(m) of the Internal Revenue Code, the annual compensation paid to our Chief Executive Officer and to each of our other four most highly compensated executive officers may not be deductible to the extent it exceeds \$1 million. However, we are able to preserve the deductibility of compensation in excess of \$1 million if the conditions of Section 162(m) are met. These conditions include stockholder approval of the 2004 Plan (including this amendment), setting limits on the number of Awards that any individual may receive and, for Awards other than options, establishing performance criteria that must be met before the Award actually will vest or be paid.

We have designed the 2004 Plan so that it permits us to pay compensation that qualifies as performance-based under Section 162(m). Thus, the Committee (in its discretion) may make performance goals applicable to a participant with respect to an Award. At the Committee's discretion, one or more of the following performance goals may apply (all of which are defined in the 2004 Plan): cost of sales as a percentage of sales, earnings per share, free cash flow, marketing and sales expenses as a percentage of sales, net income as a percentage of sales, operating margin, revenue, total stockholder return and working capital. The performance goals may differ from participant to participant and from Award to Award, may be used alone or in combination, may be used to measure the performance of Intevac in absolute terms, relative terms, on a per share basis, against the performance of Intevac as a whole or a segment of the business and/or on a pre-tax or after-tax basis.

### ***Change of Control***

In the event of a change in control of Intevac, the successor corporation may either assume or provide a substitute award for each outstanding Award. In the event the successor corporation refuses to assume or provide a substitute award, the Award will immediately vest and become exercisable as to all of the shares subject to such Award. In such case, the Committee will provide at least 15 days notice of the immediate vesting and exercisability of stock options and stock appreciation rights that will not be assumed or substituted for. The Award will then terminate upon the expiration of the notice period.

### ***Limited Transferability of Awards***

Awards granted under the 2004 Plan generally may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the applicable laws of descent and distribution.

### **Federal Tax Aspects**

The following brief summary of the effect of federal income taxation of an award upon the participant and Intevac with respect to Awards granted under the 2004 Plan does not purport to be complete, and does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which the participant may reside.

### ***Non-statutory Stock Options***

No taxable income is reportable when a non-statutory stock option is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any additional gain or loss recognized upon any

later disposition of the shares will be capital gain or loss, which may be long- or short-term depending on the holding period after exercise. As a result of Section 409A of the Internal Revenue Code, however, non-statutory stock options granted with an exercise price below the fair market value of the underlying stock may be taxable to a participant before he or she exercises their award. As of the date of this proxy, how such awards will be taxed is unclear.

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As a result of Section 409A of the Code and the Treasury regulations promulgated thereunder ( Section 409A ), however, non-statutory stock options and stock appreciation rights granted with an exercise price below the fair market value of the underlying stock or with a deferral feature may be taxable to the recipient in the year of vesting in an amount equal to the difference between the then fair market value of the underlying stock and the exercise price of such Awards and may be subject to an additional 20% federal income tax plus penalties and interest. In addition, certain states, such as California, have adopted similar tax provisions.

### ***Incentive Stock Options***

No taxable income is reportable when an incentive stock option is granted or exercised, unless the alternative minimum tax rules apply, in which case taxation occurs upon exercise. If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

### ***Stock Appreciation Rights***

No taxable income is reportable when a stock appreciation right is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

### ***Restricted Stock, Performance Units and Performance Shares***

A participant generally will not have taxable income upon grant of restricted stock, performance units or performance shares, unless he or she elects to be taxed at that time. Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the shares or cash received minus any amount paid for the shares. However, the recipient of a restricted stock Award may elect to recognize income at the time he or she receives the Award in an amount equal to the fair value of the shares underlying the Award (less any cash paid for the shares) on the date the Award is granted.

### ***Section 409A***

Section 409A, which was added by the American Jobs Creation Act of 2004, provides certain new requirements on non-qualified deferred compensation arrangements. Awards granted under the 2004 Plan with a deferral feature will be subject to the requirements of Section 409A, including discount stock options and stock appreciation rights discussed above. If an Award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that Award may recognize ordinary income on the amounts deferred under the Award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an Award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation. Some states may also apply a penalty tax (for instance, California imposes a 20% penalty tax in addition to the 20% federal penalty tax). The Internal Revenue Service has not issued complete and final guidance under Section 409A and, accordingly, the requirements of Section 409A (and the application of those requirements to Awards issued under the Incentive Plan) are not entirely clear. **We strongly encourage recipients of such Awards to consult their tax, financial, or other advisor regarding the tax treatment of such Awards.**

***Tax Effect for the Company Section 162(m)***

Intevac generally will be entitled to a tax deduction in connection with an Award under the 2004 Plan in an amount equal to the ordinary income realized by a participant at the time the participant recognizes such income (for example, upon the exercise of a non-statutory stock option). Special rules limit the deductibility of compensation paid to our Chief Executive Officer (i.e., our principal executive officer) and to each of our three most highly compensated

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executive officers for the taxable year (other than the principal executive officer or principal financial officer). Under Section 162(m) of the Code, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed \$1,000,000. However we can preserve the deductibility of certain compensation in excess of \$1,000,000 if the conditions of Section 162(m) are met. These conditions include stockholder approval of the 2004 Plan, setting limits on the number of Awards that any individual may receive and for Awards other than certain stock options, establishing performance criteria (see the discussion under **Performance Goals** above) that must be met before the Award actually will vest or be paid. The 2004 Plan has been designed to permit the Committee to grant Awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting Intevac to continue to receive a federal income tax deduction in connection with such Awards.

**Amendment and Termination of the 2004 Plan**

The Board generally may amend or terminate the 2004 Plan at any time and for any reason. Amendments will be contingent on stockholder approval if required by applicable law or stock exchange listing requirements. By its terms, the 2004 Plan automatically will terminate in 2014, although any Awards outstanding at that time will continue for their term.

**Awards to be Granted to Certain Individuals and Groups**

The number of Awards that an employee or consultant may receive under the 2004 Plan is in the discretion of the Committee and therefore cannot be determined in advance. Our executive officers and our non-employee directors have an interest in this proposal, because they are eligible to receive discretionary Awards under the 2004 Plan.

As of the date of this proxy statement, there has been no determination by the Committee with respect to future awards under the 2004 Plan. Accordingly, future awards are not determinable. The following table, however, sets forth information with respect to the grant of options under the 2004 Plan to the executive officers named in the Summary Compensation Table below, to all current executive officers as a group, to all non-employee directors as a group and to all other employees as a group during the Company's last fiscal year:

<b>Name of Individual or Group</b>	<b>Number of Shares Granted</b>	<b>Average Per Share Exercise Price</b>
Kevin Fairbairn	75,000	\$ 16.13
Charles B. Eddy III(1)		N/A
Jeffrey Andreson	50,000	20.20
Michael Barnes	25,000	16.13
Luke Marusiak	25,000	16.13
Joseph Pietras	25,000	16.13
All executive officers, as a group	232,500	17.13
All directors who are not executive officers, as a group	30,000	20.10
All employees who are not executive officers, as a group	487,500	17.87

(1) Mr. Eddy retired as our CFO in August 2007 and did not receive an option grant during the year.

**Summary**

We believe strongly that approval of the amendment to the 2004 Plan is essential to our continued success. Awards such as those provided under the 2004 Plan constitute an important incentive for our key employees and other service providers and help us to attract, retain and motivate people whose skills and performance are critical to our success. Our employees are our most valuable assets. We strongly believe that the 2004 Plan is essential for us to compete for talent in the labor markets in which we operate.

***The Board of Directors recommends that stockholders vote For the adoption of the amendment to add an additional 500,000 shares to the Intevac 2004 Equity Incentive Plan.***

**Table of Contents****PROPOSAL THREE****RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Audit Committee of the Board of Directors has selected Grant Thornton LLP as our independent public accountants for the fiscal year ending December 31, 2008. Grant Thornton LLP began auditing our financial statements in 2000. Its representatives are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

*The Board of Directors recommends a vote For ratification of the selection of Grant Thornton LLP as Intevac's independent registered public accounting firm for the fiscal year ending December 31, 2008.*

**Principal Accountant Fees and Services**

The following table presents fees billed for professional audit services and other services rendered to us by Grant Thornton LLP for the years ended December 31, 2007 and 2006.

	<b>2007</b>	<b>2006</b>
Audit Fees(1)	\$ 996,645	\$ 944,823
Audit-Related Fees		
Tax Fees(2)	192,039	255,035
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,188,684</b>	<b>\$ 1,199,858</b>

- (1) Audit fees consist of fees billed for professional services rendered for the audit of our annual consolidated financial statements and review of the interim consolidated financial statements included in our Quarterly Reports on Form 10-Q and fees for services that are normally provided by Grant Thornton LLP in connection with statutory and regulatory filings or engagements. In addition, audit fees included those fees related to Grant Thornton's audit of the effectiveness of our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.
- (2) Tax fees consisted of fees billed for tax compliance, consultation and planning services, and include fee associated with a research and development tax credit study.

In making its recommendation to ratify the appointment of Grant Thornton LLP as our independent auditor for the fiscal year ending December 31, 2008, the Audit Committee has considered whether services other than audit and audit-related services provided by Grant Thornton LLP are compatible with maintaining the independence of Grant Thornton LLP and has determined that such services are so compatible.

**Pre-Approval of Audit and Permissible Non-Audit Services**



Our Audit Committee approves in advance all engagements with Grant Thornton LLP, including the audit of our annual financial statements, the review of the financial statements included in our Quarterly Reports on Form 10-Q and tax compliance services. Fees billed by Grant Thornton LLP are reviewed and approved by the Audit Committee on a quarterly basis.

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**CORPORATE GOVERNANCE MATTERS**

**Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. We have also adopted a Director Code of Ethics that applies to all of our directors. You can find both our Code of Business Conduct and Ethics and our Director Code of Ethics on our website at [www.intevac.com](http://www.intevac.com). We post any amendments to the Code of Business Conduct and Ethics and the Director Code of Ethics, as well as any waivers, that are required to be disclosed by the rules of either the Securities and Exchange Commission ( SEC ) or The NASDAQ Global Select Market ( Nasdaq ) on our website.

**Independence of the Board of Directors**

The Board of Directors has determined that, with the exception of Mr. Pond and Mr. Fairbairn, all of its members are independent directors as that term is defined in the listing standards of Nasdaq.

**Board Meetings and Committees**

During 2007, the Board of Directors held a total of six meetings (including regularly scheduled and special meetings) and also took certain actions by written consent. All members of the Board of Directors during fiscal 2007 attended at least seventy-five percent of the aggregate of the total number of meetings of the Board of Directors held during the fiscal year and the total number of meetings held by all committees of the Board on which each such director served (based on the time that each member served on the Board of Directors and the committees). The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

***Audit Committee***

The Audit Committee, which has been established in accordance with Section 3(a)(58)(A) of the Exchange Act, currently consists of Mr. Dury, Mr. Hill and Mr. Lemos, each of whom is independent as such term is defined for audit committee members by the Nasdaq listing standards. Mr. Dury is the chairman of the Audit Committee. The Board of Directors has determined that each member of the committee is an audit committee financial expert as defined under the rules of the SEC. The Audit Committee met five times during 2007.

The Audit Committee is responsible for:

Overseeing the accounting and financial reporting processes and audits of our financial statements;

Assisting the Board in overseeing and monitoring (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements related to financial statements or accounting matters, (iii) our independent auditor's qualifications, independence and performance, and (iv) our internal accounting and financial controls;

Preparing the report that the rules of the SEC require be included in this proxy statement;

Periodically providing the Board with the results of its monitoring and recommendations derived therefrom; and

Providing to the Board additional information and materials as it deems necessary to make the Board aware of significant financial matters that require the attention of the Board.

The Audit Committee has adopted a written charter approved by the Board of Directors, which is available on Intevac's website at [www.Intevac.com](http://www.Intevac.com) under Company Governance.

The Audit Committee Report is included in this proxy statement on page 37.

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### ***Compensation Committee***

The Compensation Committee currently consists of Mr. Lemos and Dr. Yang, each of whom is independent as such term is defined by the Nasdaq listing standards. Mr. Lemos is the chairman of the Compensation Committee. The Compensation Committee met five times during 2007.

The Compensation Committee is responsible for:

- Overseeing the entirety of Intevac's compensation and benefit policies, plans and programs;
- Overseeing the annual report on executive compensation for inclusion in Intevac's proxy statement; and
- Overseeing executive succession planning.

See Executive Compensation Compensation Discussion and Analysis and Executive Compensation Compensation of Directors below for a description of Intevac's processes and procedures for the consideration and determination of executive and director compensation.

The Compensation Committee has adopted a written charter approved by the Board of Directors, a copy of which is available on Intevac's website at [www.Intevac.com](http://www.Intevac.com) under Company Governance.

The Compensation Committee Report is included in this proxy statement on page 27.

### ***Nominating and Governance Committee***

The Nominating and Governance Committee currently consists of Mr. Hill and Dr. Yang, each of whom is independent as such term is defined by the Nasdaq listing standards. Mr. Hill is the chairman of the Nominating and Governance Committee. The Nominating and Governance Committee met three times during 2007.

The primary focus of the nominating and Governance Committee is on the broad range of issues surrounding the composition and operation of the Board of Directors. The Nominating and Governance Committee provides assistance to the Board, the Chairman and the CEO in the areas of membership selection, committee selection and rotation practices, evaluation of the overall effectiveness of the Board, and review and consideration of developments in corporate governance practices. The Nominating and Governance Committee's goal is to assure that the composition, practices, and operation of the Board contribute to value creation and effective representation of Intevac stockholders.

The Nominating and Governance Committee will consider recommendations of candidates for the Board of Directors submitted by the stockholders of Intevac; for more information, see Process for Recommending Candidates for Election to the Board of Directors below.

The Nominating and Governance Committee has adopted a written charter approved by the Board of Directors, a copy of which is available on Intevac's website at [www.Intevac.com](http://www.Intevac.com) under Company Governance.

### **Compensation Committee Interlocks and Insider Participation**

Mr. Lemos, Mr. Money (until his resignation from the Board in May 2007) and Dr. Yang served as members of the Compensation Committee during fiscal 2007. No interlocking relationship exists between any member of Intevac's Board of Directors or Compensation Committee and any member of the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past. No member of the Compensation

Committee is or was formerly an officer or an employee of Intevac.

**Attendance at Annual Stockholder Meetings by the Board of Directors**

Intevac encourages members of the Board of Directors to attend the annual meeting of stockholders, but does not have a policy requiring attendance. Four directors, Mr. Fairbairn, Mr. Pond, Mr. Dury and Mr. Hill, attended Intevac's 2007 annual meeting of stockholders.

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### **Lead Director**

Mr. David Dury serves as Lead Director and liaison between management and the other non-employee directors. The Lead Director schedules and chairs meetings of the independent directors. The independent directors (including the Lead Director) hold a closed session at each regularly scheduled Board meeting.

### **Policy Regarding Board Nominees**

It is the policy of the Nominating and Governance Committee of the Company to consider recommendations for candidates to the Board of Directors from stockholders. Stockholder recommendations of candidates for election to the Board should be directed in writing to: Intevac, Inc., 3560 Bassett Street, Santa Clara, California, 95054, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and the Company within the last three years, and evidence of the nominating person's ownership of Company stock. Stockholder nominations to the Board must also meet the requirements set forth in the Company's bylaws.

The Nominating and Governance Committee's criteria and process for identifying and evaluating the candidates that it selects, or recommends to the full Board for selection, as director nominees are as follows:

The Nominating and Governance Committee periodically reviews the current composition, size and effectiveness of the Board.

In its evaluation of director candidates, including the members of the Board of Directors eligible for re-election, the Committee seeks to achieve a balance of knowledge, experience and capability on the Board and considers (1) the current size and composition of the Board and the needs of the Board and the respective committees of the Board, (2) such factors as issues of character, judgment, diversity, age, expertise, business experience, length of service, independence, other commitments and the like, (3) the relevance of the candidate's skills and experience to our businesses and (4) such other factors as the Nominating and Governance Committee may consider appropriate.

While the Nominating and Governance Committee has not established specific minimum qualifications for director candidates, the Nominating and Governance Committee believes that candidates and nominees must reflect a Board that is comprised of directors who (1) are predominantly independent, (2) are of high integrity, (3) have broad, business-related knowledge and experience at the policy-making level in business, government or technology, including an understanding of our industry and our business in particular, (4) have qualifications that will increase overall Board effectiveness and (5) meet other requirements that may be required by applicable laws and regulations, such as financial literacy or financial expertise with respect to audit committee members.

With regard to candidates who are properly recommended by stockholders or by other means, the Nominating and Governance Committee will review the qualifications of any such candidate, which review may, in the Nominating and Governance Committee's discretion, include interviewing references for the candidate, direct interviews with the candidate, or other actions that the Committee deems necessary or proper.

In evaluating and identifying candidates, the Nominating and Governance Committee has the authority to retain or terminate any third party search firm that is used to identify director candidates, and has the authority to approve the fees and retention terms of any search firm.

The Nominating and Governance Committee will apply these same principles when evaluating Board candidates who may be elected initially by the full Board either to fill vacancies or to add additional directors prior to the Annual Meeting of Stockholders at which directors are elected.

After completing its review and evaluation of director candidates, the Nominating and Governance Committee selects, or recommends to the full Board of Directors for selection, the director nominees.

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**Contacting the Board of Directors**

Any stockholder who desires to contact our Chairman of the Board or the other members of our Board of Directors may do so by writing to: Board of Directors, c/o Stanley J. Hill, Chairman, Nominating and Governance Committee, Intevac, Inc., 3560 Bassett Street, Santa Clara, California, 95054. Communications received by Mr. Hill will also be communicated to the Lead Director, the Chairman of the Board or the other members of the Board as appropriate depending on the facts and circumstances outlined in the communication received.

**EXECUTIVE COMPENSATION AND RELATED INFORMATION**

**Compensation Discussion and Analysis**

The following is a discussion of our executive compensation program and the compensation decisions made for the fiscal year 2007 with respect to Kevin Fairbairn, our Chief Executive Officer, and the other executive officers named in the Summary Compensation Table on page 31 (the Named Executive Officers ).

**Executive Summary**

Intevac's businesses are characterized by rapidly changing technology and customer requirements; intense competition; cyclical revenues; and significant competition for management talent. The Compensation Committee believes that compensation programs for our executive officers need to be designed to attract, retain and motivate high-caliber executives. More specifically, the objectives of our executive compensation program are to:

Provide a significant portion of total compensation as a performance-based annual cash bonus based on Intevac's overall financial performance relative to its annual financial plan and executive performance relative to predetermined goals;

Directly tie total performance-based annual cash bonus expense to profitability metrics, so that bonuses increase with increasing profits, decrease with decreasing profits and are not paid when profitability metrics are negative;

Provide equity-based, long-term incentives to further align the financial interests of the executive officers with those of our stockholders; and

Offer a total compensation opportunity that takes into consideration the practices of other companies with which Intevac competes for executive talent.

Each executive's compensation consists of base salary, a performance-based annual cash bonus, periodic grants of stock options and the benefit packages offered all our employees.

In the fiscal year ended December 31, 2007, Intevac's revenues were \$216 million, down 17% from the prior year, and net income decreased 41% to \$27 million. These declines in our performance, relative to 2006, led to significantly reduced performance-based annual cash bonus payments and total compensation to our Named Executive Officers in 2007.

The specific compensation principles, components and decisions designed to achieve these objectives during 2007 are discussed in more detail below.



### **Executive Compensation Philosophy**

The majority of our operations are located in Santa Clara, California, where numerous high tech and Fortune 500 companies are located, served by a highly skilled and mobile workforce. Our compensation structure is designed to attract, retain and motivate high-performing executives in this very competitive labor environment. The guiding principles of our executive compensation plan are as follows:

Provide a total compensation package that is competitive with our peer group, but that also takes into account the need to compete for talent with large equipment companies such as Applied Materials and LAM Research.

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Align compensation with company performance by:

- Providing a significant portion of total compensation in the form of a performance-based annual cash bonus dependent on the Company's profitability and each executive's performance relative to predetermined business objectives and target financial results set at the beginning of each fiscal year.
- Providing another significant portion of total compensation in the form of stock options, which focus each executive on creating stockholder value over the vesting period of the options.
- Paying executive compensation that will generally be above peer company executive compensation when Intevac's financial performance is above peer company financial performance and below peer company executive compensation when Intevac's financial performance is below that of peer companies.

Increase the portion of total compensation based on performance-based annual cash bonuses and stock options relative to base salary with increasing executive responsibility level.

Align each executive's goals with those of other executives to encourage a team approach to problem solving.

Provide clear guidelines for each compensation element (base salary, performance-based annual cash bonus and stock options), but give the Compensation Committee flexibility to make final decisions based on management recommendations (other than decisions for the Chief Executive Officer and Chairman, which are made by the independent members of the Board of Directors), and other factors such as experience, contribution to business success and retention needs.

Provide similar benefits to Named Executive Officers as provided to other employees.

In general, Executives do not receive compensation, benefits or non-compensation, non-equity special perquisites other than those offered to all of Intevac's employees.

The Executive Incentive Plan for our Named Executive Officers is the same plan as is used to determine performance-based annual cash bonuses for all other Intevac vice presidents and functional directors.

Named Executive Officers participate in the same stock option and stock purchase plans as other Intevac employees.

## **Competitive Market Data**

The Compensation Committee hired Mercer Human Resource Consulting ( Mercer ) to assist it in evaluating 2007 compensation programs. The instructions provided to the consultant were to assess target compensation levels for Intevac's executives relative to market practices and to evaluate the overall design of Intevac's executive compensation program. The consultant was also engaged by the Committee to assess the competitiveness of compensation for our Board of Directors. Executive compensation data was drawn from the Radford Executive Benchmark Survey, from the AeA ( American Electronics Association ) Executive Survey and from publicly available proxy filings for targeted peer companies (the Peer Companies ). The market compensation levels for comparable positions were examined by Mercer and the Compensation Committee as part of the process to determine overall program design, base salary, target incentives and annual stock option grants.

The Peer Companies used to evaluate market compensation for our executives were selected from technology companies with annual revenues of \$200 – \$500 million and which were comparable to Intevac based on factors such as global presence, technical sophistication, global manufacturing and sales distribution. The Peer Companies excluded Applied Materials or LAM Research, even though they are direct competitors for our semiconductor

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manufacturing products, because these companies are substantially larger than Intevac and pay substantially higher compensation to their named executive officers. The Peer Companies we selected are as follows:

Advanced Energy Industries, Inc.	Atheros Communications, Inc.
Axcelis Technologies, Inc.	Brooks Automation, Inc.
Cohu, Inc.	Cymer, Inc.
Dionex Corporation	Electro Scientific Industries, Inc.
Formfactor, Inc.	Foundry Networks, Inc.
Mattson Technology, Inc.	Micrel, Inc.
Redback Networks, Inc.	Silicon Image, Inc.

The base salary, total cash compensation (base salary plus performance-based annual cash bonus) and total compensation (including stock options) for each of Intevac's twelve most senior executives were compared to their respective Peer Group medians for executives with similar levels of responsibility. The Compensation Committee concluded that Intevac's executive compensation:

Was generally above peer company executive compensation when Intevac's financial performance was above peer company financial performance and below peer company executive compensation when Intevac's financial performance was below that of peer companies;

Was more variable as a function of performance than the Peer Group and that it continued to provide strong incentive to management to optimize Intevac's financial performance; and

Consistent with our plan design, the cyclical downturn in our Equipment business, which led to reduced profitability in 2007, also led to reduced performance-based annual cash bonuses for our Named Executive Officers in 2007 relative to 2006.

**Compensation Components**

The components of executive compensation are:

Base salary;

Performance-based annual cash bonus targeted as a percentage of base salary ( Target Bonus Percentage ); and

Periodic grants of long-term, equity-based incentives, currently stock options with four-year annual vesting.

We also provide our executives the same benefits and perquisites that it offers its other employees. These standard employee benefits include participation in our 401(k) plan and employee stock purchase plan, and medical, dental and life insurance benefits, each with the same terms and conditions available to employees. We do not provide any benefits or perquisites to our Named Executive Officers that are not available to the majority of employees.

***Base Salary:***

Prior to making an offer of employment to an officer, the Compensation Committee approves the officer's base salary, Target Bonus Percentage, the initial stock option grant and any hiring incentives. In setting the officer's base salary, a number of factors are taken into account, in the Committee's discretion, including the executive's compensation with his previous employer, the compensation of other Intevac executives, the competitive labor market for similar

executives, and how difficult it is to recruit and retain executive officers with similar skills and experience. None of these factors is specifically weighted and the evaluation includes subjective evaluation of skills, experience and responsibilities in the Committee's judgment.

Once an executive has joined Intevac, the Compensation Committee approves changes to his or her base salary and Target Bonus Percentage during its annual review of the Executive Incentive Plan. The data from the Peer Group analysis is used, in addition to each executive's responsibilities and performance against objectives, to determine annual changes to base salary and the Target Bonus Percentage. As with new hires, these factors are

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evaluated at the Committee's discretion and in the Committee's judgment. Annual adjustments to base salary also proportionately affect the executive's Target Bonus (equal to base salary x Target Bonus Percentage).

In February 2007, after taking into consideration the compensation targets established with the assistance of the independent compensation consultant and 2006 executive performance, the Compensation Committee modified the base salaries of the Named Executive Officers (with the exception of Mr. Andreson who joined Intevac in June 2007). The Compensation Committee increased Mr. Fairbairn's base salary by 17.9%, Mr. Marusiak's base salary by 12.0% and Mr. Eddy's base salary by 8.5% in recognition of Intevac's exceptional growth in revenues, gross margin and income during 2006 and to better align their compensation with Peer Company executive compensation. The Compensation Committee also increased the base salaries for Mr. Barnes and Mr. Pietras by 4%, an amount approximately equal to the average increase given Intevac employees in February 2007.

As a result of these increases, annual base salaries for the CEO and other Named Executive Officers in 2006 and 2007 were as follows:

<b>Executive</b>	<b>2006 Base Salary</b>	<b>2007 Base Salary</b>	<b>2007 Base Salary Increase as a % of 2006 Base Salary</b>
Kevin Fairbairn, President and Chief Executive Officer	\$ 381,825	\$ 450,008	17.9%
Jeffrey Andreson, Chief Financial Officer, Principal Accounting Officer Secretary, Treasurer and Vice President of Finance and Administration	N/A	\$ 250,016	N/A
Charles Eddy, Former Chief Financial Officer, Principal Accounting Officer, Secretary, Treasurer and Vice President of Finance and Administration	\$ 226,616	\$ 245,897	8.5%
Luke Marusiak, Chief Operating Officer	\$ 219,461	\$ 245,814	12.0%
Michael Barnes, Chief Technical Officer	\$ 250,016	\$ 260,021	4.0%
Joseph Pietras, Vice President and General Manager, Imaging Instrumentation	\$ 232,034	\$ 241,322	4.0%

***Performance-based annual cash bonus:***

We provide performance-based annual cash bonuses to our Named Executive Officers and other vice-president and director level employees under our Executive Incentive Plan. As of December 31, 2007, 40 of Intevac's 442 employees participated in the Executive Incentive Plan in addition to the Named Executive Officers. The total amount payable under the Executive Incentive Plan is determined based on the Intevac's financial performance. The objective of the Executive Incentive Plan is to align our executive compensation with actual short-term business performance and with non-financial business objectives.

The components to determine the performance-based cash bonus include:

Target Bonus

Bonus Pool

Management by Objectives

Each of these components and the resulting calculation of the annual bonus payments are each described in more detail below.

*Target Bonus:* Named Executive Officers and other Executive Incentive Plan participants (vice presidents and director level employees) are assigned an annual Target Bonus, computed by multiplying each executive's base salary times his or her Target Bonus Percentage. Target Bonus Percentages are determined based on competitive

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market data, internal equity considerations, and the degree of difficulty associated with achieving plan performance levels, each factor evaluated by the Committee based on data and input provided by management and the independent consultant. The Compensation Committee increased the Target Bonus Percentages for Mr. Eddy, Mr. Marusiak, Mr. Barnes and Mr. Pietras to 75% from 70% in February 2006 to better align their bonuses with market data based on the review of Peer Company compensation practices. No change was made to Mr. Fairbairn's Target Bonus Percentage. When Mr. Andreson was hired in June 2007, his Target Bonus Percentage was set at 75%, and he was guaranteed a minimum \$100,000 bonus for 2007 as an incentive to join Intevac.

Target Bonus Percentages for the CEO and other Named Executive Officers during 2006 and 2007 were as follows:

<b>Executive</b>	<b>2006 Target Bonus as a Percent of Base Salary</b>	<b>2007 Target Bonus as a Percent of Base Salary</b>
Kevin Fairbairn	200%	200%
Jeffrey Andreson	N/A	75%
Charles Eddy	70%	75%
Luke Marusiak	70%	75%
Michael Barnes	70%	75%
Joseph Pietras	70%	75%

*Bonus Pool:* The total amount of Executive Incentive Plan bonuses paid (the Executive Incentive Plan Bonus Pool) to all Executive Incentive Plan participants is calculated by multiplying the Bonus Pool Percentage times Proforma Annual Income before Income Taxes, which is equal to income before income taxes, plus accruals for the Bonus Pool and Employee Profit Sharing. The Compensation Committee set the Bonus Pool Percentage at 6.72% at the beginning of 2007 after taking into consideration our projected Proforma Annual Income before Income Taxes and the total amount required to pay Executive Incentive Plan bonuses at the target level.

Because of the tight linking of the Executive Incentive Plan Bonus Pool to profitability, executives do not receive performance-based annual cash bonuses in years when Proforma Annual Income before Income Taxes is zero or negative. The Compensation Committee reserves the right to exclude amounts, such as extraordinary or unusual items, gains or losses when determining Proforma Annual Income Before Income Taxes, but did not make any adjustments to the formula during 2007.

*Management by Objectives:* A comprehensive set of Management by Objective Goals (MBO Goals) was established for each business unit and approved by the Compensation committee at the beginning of 2007. The MBO Goals covered four areas:

*Business Results:* Goals included achievements with respect to metrics such as orders, revenues, profitability, cash management, quality, cycle-time and other finance related metrics that were targeted for improvement.

*Market Development:* Goals included achievements with respect to metrics such as market share, new customers gained for particular products, and completion of comprehensive marketing and sales plans for gaining additional business and higher gross margins.

*Product Excellence:* Goals included achievements with respect to metrics such as target completion dates for new products or improved products, material cost and reliability goals for new products, product yield



improvements, field product performance and other measures as appropriate to encourage product excellence.

*Strategic Initiatives:* Goals included achievements with respect to metrics such as such as business process improvements, employee reviews, employee development, safety goals and other measures needed to support Intevac's growth.

Some of the MBO Goals are assigned to more than one of the Named Executive Officers to reinforce the teamwork required to achieve results. The relative importance of the each of the areas of MBO Goals was weighted differently for each Named Executive Officer according to his or her area of responsibility. For example,

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Mr. Marusiak's objectives were more heavily weighted towards Equipment MBO Goals, Mr. Pietras' objectives were more heavily weighted towards Imaging Instrumentation MBO Goals, Mr. Barnes' objectives were more heavily weighted towards Equipment product excellence MBO Goals and Mr. Fairbairn's and Mr. Andreson's objectives were more heavily weighted towards company-wide performance. Performance against MBO Goals was evaluated and numerically graded at the end of the year by management and then reviewed and approved by the Compensation Committee.

Individual Executive performance against MBO goals does not increase, or decrease, the total size of the Bonus Pool. Rather, it serves to incentivize our executives by allocating an increased proportion of the Bonus Pool to the best performing executives in the best performing business units.

*Actual Bonus Payments:* Actual bonus payments made to each Named Executive Officer in 2007 were calculated based on the following factors:

*Target Bonus:* Equal to 2007 base salary received x Target Bonus Percentage.

*Performance against MBO goals:* To the extent a Named Executive Officer's MBO rating was higher, or lower, than the average for all executives, then the executive's Target Bonus Amount was proportionately increased, or decreased.

*Business Unit Performance:* To the extent a Named Executive Officer's business unit MBO rating was higher, or lower, than the average for other Named Executive Officers then the executive's Target Bonus Amount was proportionately increased, or decreased.

*Executive Incentive Plan Bonus Pool:* After the above adjustments were made, executive bonuses were then proportionally adjusted downward to the extent the Executive Incentive Plan Bonus Pool was smaller than the amount required to pay Target Bonuses.

Intevac's actual 2007 Proforma Annual Income Before Income Taxes was less than planned, which resulted in the Executive Incentive Plan Bonus Pool being less than planned. Accordingly, our Named Executive Officers received 2007 bonuses that were significantly less than their Target Bonuses. Mr. Eddy did not receive a bonus because he retired prior to the end of the plan year. The bonuses paid to the CEO and other Named Executive Officers in 2007 and how they compared to their Target Bonuses and their actual 2006 bonuses are shown in the following table:

Executive	2006 Bonus	2007 Target Bonus	2007 Bonus	% Increase/ (Decrease) in 2007 Bonus vs. 2006 Bonus
Kevin Fairbairn	\$ 1,543,705	\$ 900,000	\$ 677,465	(56.1)%
Jeffrey Andreson(1)	N/A	\$ 101,250	\$ 100,000	N/A
Charles Eddy(2)	\$ 320,669	\$ 184,423	\$	N/A
Luke Marusiak	\$ 351,952	\$ 184,350	\$ 150,645	(57.3)%
Michael Barnes	\$ 366,585	\$ 195,000	\$ 145,463	(60.3)%
Joseph Pietras	\$ 121,572	\$ 180,990	\$ 136,239	12.1%

(1) Mr. Andreson's 2007 Target Bonus was prorated to reflect his June 2007 hire date. Mr. Andreson was guaranteed a \$100,000 first year bonus in his employment offer letter.

(2) Mr. Eddy retired prior to the end of the plan year.

***Stock Options:***

We grant stock options to our Named Executive Officers to align their interests with the long-term interests of our stockholders and to provide our executives with incentive to manage Intevac from the perspective of an owner with an equity stake in the business.

*Stock Option Terms:* Stock options enable our executives to acquire shares of our Common Stock at a fixed price per share (the closing market price on the grant date). The options have a 10-year term, subject to earlier

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termination following the executive's cessation of service with Intevac in accordance with our 2004 Equity Incentive Plan. Options granted to executives vest in four equal annual installments, as measured from the option grant date.

*Stock Option Grants:* The Compensation Committee grants options to Named Executive Officers shortly after their start date in accordance with our 2004 Equity Incentive Plan. Guidelines for the number of options granted are reviewed annually and changes are made based on peer group data. The Compensation Committee typically grants additional stock options annually to Named Executive Officers as discussed below.