

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- or**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For Quarter Ended November 26, 2005**

**Commission File Number 000-30789**

**ENTEGRIS, INC.**

(Exact name of registrant as specified in charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**41-1941551**  
(IRS Employer  
ID No.)

**3500 Lyman Boulevard, Chaska, Minnesota 55318**  
(Address of Principal Executive Offices)

**Registrant's Telephone Number (952) 556-3131**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES ☒ NO ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practicable date.

| <u>Class</u>                   | <u>Outstanding at December 31, 2005</u> |
|--------------------------------|---|
| Common Stock, \$0.01 Par Value | 136,043,921                             |

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**ENTEGRIS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)

|  | November 26, 2005   | August 27, 2005     |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>Current assets:</b>   |                     |                     |
| Cash and cash equivalents  | \$ 167,769          | \$ 174,578          |
| Short-term investments   | 107,051             | 104,820             |
| Trade accounts and notes receivable, net of allowance for doubtful accounts of \$1,808 and \$2,199                       | 118,667             | 120,792             |
| Inventories  | 69,320              | 90,844              |
| Deferred tax assets  | 13,830              | 13,883              |
| Assets of discontinued operations and other assets held for sale   | 18,101              | 29,408              |
| Other current assets   | 9,328               | 8,476               |
| <b>Total current assets</b>  | <b>504,066</b>      | <b>542,801</b>      |
| Property, plant and equipment, net of accumulated depreciation of \$185,739 and \$187,638                                | 120,347             | 123,607             |
| Other assets:  |                     |                     |
| Investments  | 6,696               | 6,926               |
| Restricted cash  | 1,233               | 1,382               |
| Goodwill   | 404,161             | 400,882             |
| Other intangible assets, net   | 90,131              | 94,701              |
| Deferred tax assets  | 9,505               | 9,933               |
| Other  | 4,886               | 5,388               |
| <b>Total assets</b>  | <b>\$ 1,141,025</b> | <b>\$ 1,185,620</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                     |                     |
| <b>Current liabilities:</b>  |                     |                     |
| Current maturities of long-term debt   | \$ 1,875            | \$ 1,912            |
| Short-term borrowings  | 2,842               | 3,629               |
| Accounts payable   | 36,471              | 33,368              |
| Accrued liabilities  | 50,933              | 64,450              |
| Income taxes payable   | 2,954               | 18,810              |
| Liabilities associated with assets held for sale, net  | 748                 | 2,687               |
| <b>Total current liabilities</b>   | <b>95,823</b>       | <b>124,856</b>      |
| Long-term debt, less current maturities  | 19,920              | 21,800              |
| Pension benefit obligation   | 11,547              | 11,090              |
| Other liabilities  | 3,506               | 4,460               |
| Commitments and contingent liabilities   |                     |                     |
| <b>Shareholders' equity:</b>   |                     |                     |
| Common stock, par value \$.01; 200,000,000 shares authorized; issued and outstanding shares: 135,945,134 and 135,299,395 | 1,359               | 1,353               |
| Additional paid-in capital   | 805,880             | 815,929             |
| Deferred compensation expense  | —                   | (21,906)            |
| Retained earnings  | 209,210             | 225,260             |
| Accumulated other comprehensive (loss) income  | (6,220)             | 2,778               |
| <b>Total shareholders' equity</b>  | <b>1,010,229</b>    | <b>1,023,414</b>    |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$ 1,141,025</b> | <b>\$ 1,185,620</b> |

See the accompanying notes to consolidated financial statements.

**ENTEGRIS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

|  | Three Months Ended   |                      |
|--|----------------------|----------------------|
|  | November 26,<br>2005 | November 27,<br>2004 |
| <i>(In thousands, except per share data)</i>                       |                      |                      |
| Sales to non-affiliates  | \$ 146,786           | \$ 82,002            |
| Sales to affiliate   | —                    | 7,100                |
| Net sales  | 146,786              | 89,102               |
| Cost of sales  | 99,019               | 51,534               |
| Gross profit   | 47,767               | 37,568               |
| Selling, general and administrative expenses                       | 56,463               | 23,934               |
| Engineering, research and development expenses                     | 10,093               | 4,656                |
| Operating (loss) income  | (18,789)             | 8,978                |
| Interest income, net   | (1,498)              | (354)                |
| Other (income) expense, net  | (66)                 | 301                  |
| (Loss) income before income taxes                                  | (17,225)             | 9,031                |
| Income tax (benefit) expense                                       | (7,026)              | 2,464                |
| Equity in net (earnings) loss of affiliates                        | (104)                | 11                   |
| (Loss) income from continuing operations                           | (10,095)             | 6,556                |
| Loss from operations of discontinued businesses, net of taxes      | (862)                | (817)                |
| Impairment loss on assets of discontinued businesses, net of taxes | (5,093)              | —                    |
| Total discontinued operations, net of taxes                        | (5,955)              | (817)                |
| Net (loss) income  | \$ (16,050)          | \$ 5,739             |
| Basic (loss) earnings per common share:                            |                      |                      |
| Continuing operations  | \$ (0.07)            | \$ 0.09              |
| Discontinued operations  | (0.05)               | (0.01)               |
| Net (loss) income  | \$ (0.12)            | \$ 0.08              |
| Diluted (loss) earnings per common share:                          |                      |                      |
| Continuing operations  | \$ (0.07)            | \$ 0.09              |
| Discontinued operations  | (0.05)               | (0.01)               |
| Net (loss) income  | \$ (0.12)            | \$ 0.08              |
| Weighted shares outstanding:                                       |                      |                      |
| Basic  | 135,307              | 73,261               |
| Diluted  | 135,307              | 75,066               |

See accompanying notes to consolidated financial statements.

**ENTEGRIS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE (LOSS) INCOME**

| <i>(In thousands)</i><br>Three months ended<br>November 27, 2004 | Common<br>shares<br>outstanding | Common<br>stock | Additional<br>paid-in capital | Deferred<br>compensation<br>expense | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income (loss) | Total       | Comprehensive<br>(loss)<br>income |
|--|---------------------------------|-----------------|-------------------------------|-------------------------------------|----------------------|--|-------------|-----------------------------------|
| <b>Balance at August 28, 2004</b>                                | 73,380                          | \$ 734          | \$ 152,869                    | \$ (1,586)                          | \$216,963            | \$ 3,205   | \$ 372,185  |                                   |
| Shares issued pursuant to stock option plans                     | 50                              | 1               | 212                           | —                                   | —                    | —  | 213         |                                   |
| Deferred compensation related to restricted stock awards         | 547                             | 5               | 2,950                         | (2,955)                             | —                    | —  | —           |                                   |
| Compensation earned in connection with restricted stock awards   | —                               | —               | —                             | 446                                 | —                    | —  | 446         |                                   |
| Repurchase and retirement of shares                              | (224)                           | (2)             | (731)                         | —                                   | (1,096)              | —  | (1,829)     |                                   |
| Foreign currency translation adjustment                          | —                               | —               | —                             | —                                   | —                    | 2,022  | 2,022       | \$ 2,022                          |
| Net income   | —                               | —               | —                             | —                                   | 5,739                | —  | 5,739       | 5,739                             |
| <b>Total comprehensive income</b>                                |                                 |                 |                               |                                     |                      |  |             | <b>\$ 7,761</b>                   |
| <b>Balance at November 27, 2004</b>                              | 73,753                          | \$ 738          | \$ 155,300                    | \$ (4,095)                          | \$221,606            | \$ 5,227   | \$ 378,776  |                                   |
| <b>Balance at August 27, 2005</b>                                | 135,299                         | \$ 1,353        | \$ 815,929                    | \$ (21,906)                         | \$225,260            | \$ 2,778   | \$1,023,414 |                                   |
| Reclassification upon adoption of SFAS No. 123(R)                | —                               | —               | (21,906)                      | 21,906                              | —                    | —  | —           |                                   |
| Shares issued under stock option plans                           | 646                             | 6               | 3,346                         | —                                   | —                    | —  | 3,352       |                                   |
| Stock-based compensation expense                                 | —                               | —               | 8,511                         | —                                   | —                    | —  | 8,511       |                                   |
| Foreign currency translation adjustment                          | —                               | —               | —                             | —                                   | —                    | (8,960)  | (8,960)     | \$ (8,960)                        |
| Net unrealized loss on marketable securities                     | —                               | —               | —                             | —                                   | —                    | (38)   | (38)        | (38)                              |
| Net loss   | —                               | —               | —                             | —                                   | (16,050)             | —  | (16,050)    | (16,050)                          |
| <b>Total comprehensive loss</b>                                  |                                 |                 |                               |                                     |                      |  |             | <b>\$ (25,048)</b>                |
| <b>Balance at November 26, 2005</b>                              | 135,945                         | \$ 1,359        | \$ 805,880                    | \$ —                                | \$209,210            | \$ (6,220)   | \$1,010,229 |                                   |

See the accompanying notes to consolidated financial statements.

**ENTEGRIS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (In thousands)  | Three months ended |                   |
|---|--------------------|-------------------|
|   | November 26, 2005  | November 27, 2004 |
| <b>Operating activities:</b>  |                    |                   |
| Net (loss) income   | \$ (16,050)        | \$ 5,739          |
| Less: Loss from discontinued operations   | (5,955)            | (817)             |
| (Loss) income from continuing operations  | (10,095)           | 6,556             |
| Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities: |                    |                   |
| Depreciation and amortization   | 10,036             | 5,493             |
| Stock-based compensation expense  | 8,511              | 446               |
| Excess tax benefits from employee stock plans   | (211)              | —                 |
| Disposal of property and equipment  | 1,210              | 294               |
| Provision for doubtful accounts   | (315)              | 31                |
| Provision for deferred income taxes   | 345                | 96                |
| Charge for fair value mark-up of acquired inventory sold  | 17,837             | —                 |
| Equity in net (earnings) loss of affiliates   | (104)              | 11                |
| (Gain) loss on sale of property and equipment   | 203                | (452)             |
| Changes in operating assets and liabilities, excluding effects of acquisitions:                                 |                    |                   |
| Trade accounts receivable   | (1,076)            | 3,393             |
| Trade accounts receivable due from affiliates   | —                  | 1,277             |
| Inventories   | 1,850              | (507)             |
| Accounts payable and accrued liabilities  | (9,130)            | (7,879)           |
| Other current assets  | (893)              | (896)             |
| Income taxes payable and refundable income taxes  | (15,799)           | (805)             |
| Other   | 92                 | 33                |
| <b>Net cash provided by operating activities</b>  | <b>2,461</b>       | <b>7,091</b>      |
| <b>Investing activities:</b>  |                    |                   |
| Acquisition of property and equipment   | (6,642)            | (2,145)           |
| Purchase of intangible assets   | (100)              | (156)             |
| Proceeds from sales of property and equipment   | 58                 | 2,081             |
| Purchases of short-term investments   | (7,166)            | (13,216)          |
| Proceeds from sale or maturities of short-term investments  | 4,944              | 9,746             |
| Other   | —                  | (13)              |
| <b>Net cash used in investing activities</b>  | <b>(8,906)</b>     | <b>(3,703)</b>    |
| <b>Financing activities:</b>  |                    |                   |
| Principal payments on short-term borrowings and long-term debt  | (4,313)            | (2,621)           |
| Proceeds from short-term borrowings and long-term debt  | 3,415              | 3,705             |
| Repurchase and retirement of common stock   | —                  | (1,830)           |
| Issuance of common stock  | 3,352              | 213               |
| Excess tax benefits from employee stock plans   | 211                | —                 |
| <b>Net cash provided by (used in) financing activities</b>  | <b>2,665</b>       | <b>(533)</b>      |
| <b>Net cash provided by (used in) discontinued operations</b>   | <b>1,472</b>       | <b>(501)</b>      |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | <b>(4,501)</b>     | <b>296</b>        |
| <b>(Decrease) increase in cash and cash equivalents</b>   | <b>(6,809)</b>     | <b>2,650</b>      |
| <b>Cash and cash equivalents at beginning of period</b>   | <b>174,578</b>     | <b>75,388</b>     |
| <b>Cash and cash equivalents at end of period</b>   | <b>\$ 167,769</b>  | <b>\$ 78,038</b>  |

See the accompanying notes to consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position as of November 26, 2005 and August 27, 2005, the results of operations for the three months ended November 26, 2005 and November 27, 2004, and shareholders' equity and comprehensive (loss) income, and cash flows for the three months ended November 26, 2005 and November 27, 2004.

Certain amounts reported in previous years have been reclassified to conform to the current year's presentation.

The consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual consolidated financial statements and notes. The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis and consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended August 27, 2005. The results of operations for the three months ended November 26, 2005 and November 27, 2004 are not necessarily indicative of the results to be expected for the full year.

The Company was incorporated in Delaware in June 2005 under the name Eagle DE, Inc. (Eagle DE) as a wholly owned subsidiary of Entegris Minnesota. Effective August 6, 2005 Entegris Minnesota merged into Eagle DE in a reincorporation merger of which Eagle DE was the surviving corporation. On August 6, 2005, the Company completed a merger with Mykrolis Corporation (Mykrolis) in a stock-for-stock transaction accounted for under the purchase method of accounting. Immediately following that merger, Mykrolis merged into Eagle DE, whose name was changed to Entegris, Inc.

Prior to December 13, 2005, the Company had a 52- or 53-week fiscal year period ending on the last Saturday of August. The fiscal years ending August 27, 2005 and August 28, 2004 comprised 52 weeks. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ending August 27, 2005 is referred to as "fiscal 2005".

On December 13, 2005 the registrant's Board of Directors approved the change of the Company's fiscal year to the calendar year, ending on December 31 of each year. Accordingly, the registrant is filing a Form 10-Q for the quarter ended November 26, 2005 and will file a transition report on Form 10-Q covering the period from August 27, 2005 through December 31, 2005.

2. DISCONTINUED OPERATIONS

On September 12, 2005 the Company announced that it would divest its gas delivery, life science and tape and reel product lines. These divestitures are expected to be completed no later than 2006. The gas delivery products include mass flow controllers, pressure controllers and vacuum gauges that are used by customers in manufacturing operations to measure and control process gas flow rates and to control and monitor pressure and vacuum levels during the manufacturing process. The life sciences products include stainless steel clean in place systems for life sciences applications. Tape and reel products include our Stream™ product line, which is a packaging system designed to protect and transport microelectronic components, while enabling the high-speed automated placement of the components onto printed circuit boards used for today's electronics.

As part of the purchase accounting allocation of the acquisition of Mykrolis, the fair value of the assets of the gas delivery business have been classified as assets held for sale as of the date of the August 6, 2005 acquisition. In conjunction with the establishment of management's first quarter plan to sell the life science and tape and reel businesses, the fair value of the assets of those components were tested for impairment

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and, where applicable, adjusted to fair value. The Company determined that long-lived assets of \$5.1 million, after taxes, were fully impaired and accordingly charged to impairment loss on assets of discontinued businesses. The assets and liabilities of the life science and tape and reel businesses have been classified as assets held for sale. The consolidated financial statements have been reclassified to segregate the assets and liabilities, and operating results of, the businesses to be divested for all prior periods presented.

The summary of operating results from discontinued operations is as follows (in thousands):

|  | Three Months Ended   |                      |
|--|----------------------|----------------------|
|  | November 26,<br>2005 | November 27,<br>2004 |
| Net sales  | \$ 11,409            | \$ 1,403             |
| Loss from discontinued operations, before income taxes | \$ (8,487)           | \$ (1,310)           |
| Income tax benefit                                     | (2,532)              | (493)                |
| Loss from discontinued operations, net of taxes        | \$ (5,955)           | \$ (817)             |

Net assets of discontinued operations at November 26, 2005 consisted of the following (in thousands):

|                                       | November 26,<br>2005 |
|---------------------------------------|----------------------|
| Accounts receivable                   | \$ 968               |
| Inventory                             | 14,983               |
| Other current assets                  | 263                  |
| Long-lived assets                     | 832                  |
| Total assets                          | 17,046               |
| Current liabilities                   | 748                  |
| Net assets of discontinued operations | \$ 16,298            |

The assets and liabilities of the life sciences business were sold on December 16, 2005 for cash consideration of \$1.1 million. The assets of the tape and reel product line were sold on December 27, 2005 for cash consideration of \$1.0 million. In addition to the amounts noted in the table above, assets of discontinued operations and other assets held for sale shown in the Consolidated Balance Sheet as of November 26, 2005 include a building held for sale carried at \$1.1 million.

On January 7, 2006, the Company signed a purchase agreement to sell the assets of its gas delivery business for approximately \$15 million, subject to adjustments for severance and sublease payments. The Company expects to close the sale of the gas delivery assets in the first quarter of calendar 2006.

### 3. STOCK-BASED COMPENSATION EXPENSE

Effective August 28, 2005, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, (SFAS 123(R)) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (employee stock purchases) based on estimated fair values. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25) for periods beginning in fiscal 2006. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 (SAB 107) relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of August 28, 2005, the first day of the Company's fiscal year 2006. The Company's Consolidated Financial Statements as of and for the three months ended



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November 26, 2005 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company's Consolidated Financial Statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Stock-based compensation expense recognized under SFAS 123(R) for the three months ended November 26, 2005 was \$8.5 million. The effect of adopting SFAS 123 (R) was to increase share-based compensation expense by \$0.7 million. Stock-based compensation expense of \$0.4 million for the three months ended November 27, 2004 was related to restricted stock grants that the Company had been recognizing under previous accounting standards. There was no stock-based compensation expense related to employee stock options and employee stock purchases recognized during the three months ended November 27, 2004.

SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's Consolidated Statement of Operations. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS 123). Under the intrinsic value method, no stock-based compensation expense had been recognized in the Company's Consolidated Statement of Operations, other than as related to restricted stock grants, because the exercise price of the Company's stock options granted to employees and directors equaled the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company's Consolidated Statement of Operations for the first quarter of fiscal 2006 included compensation expense for share-based payment awards granted prior to, but not yet vested as of August 27, 2005 based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123. No share-based payment awards have been granted subsequent to August 27, 2005; accordingly, there was no compensation expense based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). In conjunction with the adoption of SFAS 123(R), the Company changed its method of attributing the value of stock-based compensation to expense from the accelerated multiple-option approach to the straight-line single option method. Compensation expense for all share-based payment awards granted on or prior to August 27, 2005 will continue to be recognized using the accelerated multiple-option approach, while compensation expense for all share-based payment awards granted subsequent to August 27, 2005 will be recognized using the straight-line single-option method. As stock-based compensation expense recognized in the Consolidated Statement of Operations for the first quarter of fiscal 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

There were no share-based awards made during the quarter ended November 26, 2005. Prior to August 28, 2005, the Company used the Black-Scholes option-pricing model (Black-Scholes model) for the Company's pro forma information required under SFAS 123. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

On November 10, 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 123(R)-3 *Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards*. The Company is considering whether to adopt the alternative transition method provided in the FASB Staff Position for calculating the tax effects of stock-based compensation pursuant to SFAS 123(R). The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool (APIC pool) related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee stock-based compensation awards that are outstanding upon adoption of SFAS 123(R).

## **Employee Stock Purchase Plan**

The Company has an Employee Stock Purchase Plan, the Entegris, Inc. Employee Stock Purchase Plan (ESPP). A total of 4,000,000 common shares were reserved for issuance under the ESPP. The ESPP allows employees to elect, at six-month intervals, to contribute up to 10% of their compensation, subject to certain limitations, to purchase shares of common stock at the lower of 85% of the fair market value on the first day or last day of each six-month period. As of November 26, 2005, 0.9 million shares had been issued under the ESPP. During the three months ended November 26, 2005 and November 27, 2004, the Company issued no shares under the Purchase Plan. At November 26, 2005, 3.1 million shares were available for issuance under the Purchase Plan.

## **Employee Stock Option Plans**

As of November 26, 2005, the Company had five stock incentive plans: the Entegris, Inc. 1999 Long-Term Incentive and Stock Option Plan (the 1999 Plan), the Entegris, Inc. Outside Directors' Option Plan (the Directors' Plan) and three Mykrolis stock option plans assumed by the Company at the effective time of the August 2005 merger: The 2001 Equity Incentive Plan (the 2001 Plan), the 2003 Employment Inducement and Acquisition Stock Option Plan (the Employment Inducement Plan) and the 2001 Non-Employee Director Stock Option Plan (the 2001 Directors Plan). At present, the Company intends to issue new common shares upon the exercise of stock options. The plans are described in more detail below.

Stock option grants are designed to reward employees for their long-term contributions to the Company and provide incentives for them to remain with the Company. The number and frequency of stock option grants are based on competitive practices, operating results of the Company, and government regulations. Options granted under the Company's stock option plans have an exercise price equal to the fair market value of the underlying stock on the grant date and expire no later than ten years from the grant date. Except as noted, options will generally become exercisable ratably in 25% increments over the 48 months following the grant. Certain other grants have utilized a 24-month ratable vesting schedule. In addition, the Board of Directors, or other committee administering the plan, has the discretion to use a different vesting schedule and has done so from time to time.

*1999 Plan* The 1999 Plan provides for the issuance of stock-based and other incentive awards to selected employees, directors, and other persons (including both individuals and entities) who provide services to the Company or its affiliates. Under the 1999 Plan, the Board of Directors determines number of shares for which each option is granted, whether restrictions will be imposed on the shares subject to options, and the rate at which each option is exercisable. Under the 1999 Plan, the term of options shall be ten years and the exercise price for shares shall not be less than 100% of the fair market value of the common stock on the date of grant of such option.

*Directors' Plan* Under the Directors' Plan, each outside director is granted an option to purchase 15,000 shares upon the date the individual becomes a director. Annually, each outside director is automatically granted, at the choice of the Directors' Plan administrator (defined as the Board of Directors or a committee of the Board), either an option to purchase 9,000 shares, or a restricted stock award of up to 3,000 shares. Options are exercisable six months subsequent to the date of grant. Under the Directors' Plan, the term of options shall be ten years and the exercise price for shares shall not be less than 100% of the fair market value of the common stock on the date of grant of such option.

*2001 Plan* The 2001 Plan provides for the issuance of stock-based and other incentive awards to selected employees, directors, and other persons (including both individuals and entities) who provide services to the Company or its affiliates. Under the 2001 Plan, the Board of Directors determines the term of each option, option price, number of shares for which each option is granted, whether restrictions will be imposed on the shares subject to options, and the rate at which each option is exercisable. The exercise price for incentive stock options may not be less than the fair market value per share of the underlying common stock on the date granted (110% of fair market value in the case of holders of more than 10% of the voting stock of the Company). The 2001 Plan contains an "evergreen" provision, which increases the number of shares in the

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pool of options available for grant annually by 1% of the number of shares of common stock outstanding on the date of the Annual Meeting of Stockholders or such lesser amount determined by the Board of Directors.

**Employment Inducement Plan** The Employment Inducement Plan provides for the issuance of stock options and other stock-based awards to newly-hired employees and to employees of companies acquired by the Company. The Employment Inducement Plan has a term of ten years. Options granted under the Employment Inducement Plan have a maximum term of ten years and an exercise price equal to the fair market value of the Company's common stock on the date of grant. The Board of Directors determines other terms of option grants including, number of shares, restrictions and the vesting period. The number of reserved shares under the Employment Inducement Plan automatically increases annually by 0.25% of the number of shares of common stock outstanding on the date of the Annual Meeting of Stockholders unless otherwise determined by the Board of Directors.

**2001 Directors Plan** Under the 2001 Directors Plan, each newly elected eligible director is granted options to purchase 15,000 shares of common stock on the date of his or her first election. Following the initial grant, each director is automatically awarded options to purchase 10,000 shares of common stock for each subsequent year of service as a director. The exercise price of the stock options may not be less than the fair market value of the stock at the date of grant.

### **Millipore Plan**

In addition to the Company's plans, certain employees of Mykrolis were granted stock options under a predecessor's stock-based compensation plan. The Millipore 1999 Stock Incentive Plan (the Millipore Plan) provided for the issuance of stock options and restricted stock to key employees as incentive compensation. The exercise price of a stock option was equal to the fair market value of Millipore's common stock on the date the option was granted and its term was generally ten years and vested over four years.

### **General Option Information**

Option activity for the 1999 Plan and the Directors' Plan for the three months ended November 26, 2005 is summarized as follows (share and aggregate intrinsic value amounts in thousands):

|  | Shares | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term | Aggregate<br>Intrinsic<br>Value |
|--|--------|--|---|---------------------------------|
| Options outstanding, beginning of period | 8,826  | \$ 7.30                                  |   |                                 |
| Granted                                  | —      |  |   |                                 |
| Exercised                                | (152)  | \$ 3.99                                  |   |                                 |
| Canceled                                 | (66)   | \$ 10.48                                 |   |                                 |
| Options outstanding, end of period       | 8,608  | \$ 7.34                                  | 5.4   | \$27,280                        |
| Options exercisable                      | 7,860  | \$ 7.32                                  | 5.3   | \$29,523                        |
| Shares available for future grant        | 4,036  |  |   |                                 |

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Option activity for the assumed Mykrolis plans and Millipore plan for the three months ended November 26, 2005 is summarized as follows (share and aggregate intrinsic value amounts in thousands):

|  | Shares | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term | Aggregate<br>Intrinsic<br>Value |
|--|--------|--|---|---------------------------------|
| Options outstanding, beginning of period | 8,599  | \$ 8.38                                  |   |                                 |
| Granted                                  | —      |  |   |                                 |
| Exercised                                | (488)  | \$ 5.61                                  |   |                                 |
| Canceled                                 | (28)   | \$ 10.09                                 |   |                                 |
| Options outstanding, end of period       | 8,083  | \$ 8.65                                  | 4.0   | \$ 17,494                       |
| Options exercisable                      | 7,638  | \$ 8.76                                  | 3.9   | \$ 14,752                       |
| Shares available for future grant        | 966    |  |   |                                 |

For all plans, the total pretax intrinsic value of stock options exercised during the three months ended November 26, 2005 was \$3.5 million. The aggregate intrinsic value in the preceding tables represent the total pretax intrinsic value, based on the Company's closing stock price of \$10.51 as of November 26, 2005, which theoretically could have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable as of November 26, 2005 was 11.8 million.

During the quarter ended November 26, 2005, the Company received cash from the exercise of stock option totaling \$3.4 million and an excess tax benefit for the tax deductions related to stock options and restricted stock awards of \$0.2 million.

### Restricted Stock Awards

Restricted stock awards are grants that entitle the holder to shares of common stock as the award vests. The value of such stock was established by the market price on the date of the grants. Compensation expense is being recorded over the applicable restricted stock vesting periods, generally four years, using graded vesting. A summary of the Company's restricted stock activity as of November 26, 2005 and changes during the three months ended November 26, 2005 is presented in the following table:

|                               | Shares | Weighted<br>Average<br>Grant<br>Date Fair<br>Value | Weighted<br>Average<br>Remaining<br>Contractual<br>Term |
|-------------------------------|--------|--|---|
| Unvested, beginning of period | 2,374  | \$ 11.05   | 3.1   |
| Granted                       | —      |  |   |
| Vested                        | (191)  | \$ 10.12   |   |
| Forfeited                     | (5)    | \$ 10.29   |   |
| Unvested, end of period       | 2,178  | \$ 11.13   | 2.9   |

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### Valuation and Expense Information under SFAS 123(R)

The following table summarizes stock-based compensation expense related to employee stock options, restricted stock awards and employee stock purchases under SFAS 123(R) for the three months ended November 26, 2005 that was allocated as follows (in thousands):

|  | Three months ended<br>November 26, 2005 |
|--|---|
| Cost of good sold  | \$ 663                                  |
| Engineering, research and development  | 80                                      |
| Selling, general and administrative  | 7,768                                   |
| Stock-based compensation expense included in operating expenses  | 7,848                                   |
| Stock-based compensation expense related to employee stock options, restricted stock awards and employee stock purchases | 8,511                                   |
| Tax benefit  | 3,200                                   |
| Stock-based compensation expense related to employee stock options and employee stock purchases, net of tax              | \$ 5,311                                |

Stock-based compensation expense recognized for the three months ended November 27, 2004 was \$0.4 million.

As of November 26, 2005 total compensation cost related to nonvested stock options and restricted stock awards not yet recognized was \$17.2 million that is expected to be recognized over the next 10.1 months on a weighted-average basis.

No grants were made during the quarter ended November 26, 2005. Prior to the adoption of SFAS 123(R), the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial information in accordance with SFAS 123.

### Pro Forma Information Under SFAS 123 for Periods Prior to Fiscal 2006

The following table illustrates the effect on net income and earnings per common share if the Company had applied the fair value recognition provisions of SFAS 123, Accounting for Stock-Based Compensation, to stock-based employee compensation (in thousands, except per share data).

|  | Three Months<br>Ended<br>November 27,<br>2004 |
|--|---|
| Net income, as reported  | \$ 5,739                                      |
| Add stock-based compensation expense included in reported net earnings, net of tax                   | 277   |
| Deduct stock-based compensation expense under the fair value based method for all awards, net of tax | (3,862)                                       |
| Pro forma net earnings   | \$ 2,154                                      |
| Basic earnings per common share, as reported   | \$ 0.08                                       |
| Pro forma basic earnings per common share  | \$ 0.03                                       |
| Diluted earnings per common share, as reported   | \$ 0.08                                       |
| Pro forma diluted earnings per common share  | \$ 0.03                                       |

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For employee stock options granted during the three months ended November 27, 2004, the Company determined pro forma compensation expense under the provisions of SFAS No. 123 using the Black-Scholes pricing model and the following assumptions: 1) an expected dividend yield of 0%, 2) an expected stock price volatility of 75%, 3) a risk-free interest rate of 3.5% and 4) an expected life of 6 years. The weighted average fair value of options granted during the first three months of fiscal 2005 was \$5.68.

### 4. (LOSS) EARNINGS PER COMMON SHARE

The following table presents a reconciliation of the denominators used in the computation of basic and diluted (loss) earnings per common share.

|  | Three Months Ended   |                      |
|--|----------------------|----------------------|
|  | November 26,<br>2005 | November 27,<br>2004 |
| Basic (loss) earnings per common share-weighted common shares outstanding                                | 135,307,000          | 73,261,000           |
| Weighted common shares assumed upon exercise of stock options and vesting of restricted common stock     | —                    | 1,805,000            |
| Diluted (loss) earnings per common share-weighted common shares and common shares equivalent outstanding | 135,307,000          | 75,066,000           |

The effect of the inclusion of stock options for the three-month period ended November 26, 2005, would have been anti-dilutive.

### 5. INVENTORIES

Inventories consist of the following (in thousands):

|                   | November 26,<br>2005 | August 27,<br>2005 |
|-------------------|----------------------|--------------------|
| Raw materials     | \$ 27,953            | \$ 26,884          |
| Work-in process   | 4,108                | 3,882              |
| Finished goods    | 36,626               | 59,426             |
| Supplies          | 633                  | 652                |
| Total inventories | \$ 69,320            | \$ 90,844          |

### 6. COMPREHENSIVE (LOSS) INCOME

For the three months ended November 26, 2005 and November 27, 2004 net (loss) income, items of other comprehensive (loss) income and comprehensive (loss) income are as follows (in thousands):

|  | Three months ended   |                      |
|--|----------------------|----------------------|
|  | November 26,<br>2005 | November 27,<br>2004 |
| Net (loss) income                                      | \$ (16,050)          | \$ 5,739             |
| Items of other comprehensive (loss) income:            |                      |                      |
| Foreign currency translation                           | (8,960)              | 2,022                |
| Net change in unrealized loss on marketable securities | (38)                 | —                    |
| Comprehensive (loss) income                            | \$ (25,048)          | \$ 7,761             |

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### 7. INTANGIBLE ASSETS AND GOODWILL

As of November 26, 2005, goodwill amounted to approximately \$404.2 million, about \$3.3 million higher than the balance at the end of fiscal 2005. The increase mainly reflected an increase to goodwill in connection with a purchase price adjustment related to the Mykrolis acquisition completed in August 2005. The Mykrolis purchase price has been preliminarily allocated based on estimates of the fair values of assets acquired and liabilities assumed. The final valuation of net assets is expected to be completed as soon as possible, but no later than one year from the acquisition date. Given the size and complexity of the acquisition, the fair valuation of certain net assets is still being finalized. To the extent that estimates need to be adjusted, the Company will do so.

The changes to the carrying amount of goodwill for the three months ended November 26, 2005 are as follows:

| <i>(In thousands)</i>                            | Three months ended November 25, 2005 |
|--|--------------------------------------|
| Beginning of period                              | \$ 400,882                           |
| Adjustment to Mykrolis purchase price allocation | 3,363                                |
| Foreign currency remeasurement adjustment        | (84)                                 |
| End of period                                    | \$ 404,161                           |

Other intangible assets, net of amortization, of approximately \$90.1 million as of November 26, 2005, are being amortized over useful lives ranging from 2 to 10 years and are as follows (in thousands):

| <i>(In thousands)</i>                | As of November 26, 2005 |                          |                    |
|--------------------------------------|-------------------------|--------------------------|--------------------|
|                                      | Gross carrying amount   | Accumulated amortization | Net carrying value |
| Patents                              | \$ 17,901               | \$ 9,147                 | \$ 8,754           |
| Unpatented technology                | 9,844                   | 4,395                    | 5,449              |
| Developed technology                 | 38,500                  | 2,691                    | 35,809             |
| Trademarks and trade names           | 9,000                   | 719                      | 8,281              |
| Customer relationships               | 28,000                  | 963                      | 27,037             |
| Employment and noncompete agreements | 5,818                   | 4,164                    | 1,654              |
| Other                                | 6,158                   | 3,011                    | 3,147              |
|                                      | \$ 115,221              | \$ 25,090                | \$ 90,131          |

Aggregate amortization expense for the first three months of fiscal 2006 amounted to \$4.7 million.

Estimated amortization expense for the fiscal years 2006 to 2010 and thereafter is approximately \$18.5 million, \$18.0 million, \$16.9 million, \$14.4 million, \$10.3 million and \$16.6 million, respectively.

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## 8. WARRANTY

The Company accrues for warranty costs based on historical trends and the expected material and labor costs to provide warranty services. The majority of products sold are covered by a warranty for periods ranging from 90 days to one year. The following table summarizes the activity related to the product warranty liability during the three-month periods ended November 26, 2005 and November 27, 2004 (in thousands):

|   | Three months ended   |                      |
|---|----------------------|----------------------|
|   | November 26,<br>2005 | November 27,<br>2004 |
| Balance at beginning of fiscal year             | \$ 2,801             | \$ 2,034             |
| Accrual for warranties issued during the period | 182                  | 329                  |
| Settlements during the period                   | (478)                | (281)                |
| Balance at end of period                        | <u>\$ 2,505</u>      | <u>\$ 2,082</u>      |

## 9. JAPAN RETIREMENT BENEFIT PLAN

The employees of the Company's subsidiary in Japan ("Nihon Mykrolis") are covered in a defined benefit pension plan. The table below sets forth the estimated net periodic cost of the Nihon Mykrolis Pension Plan.

| (In thousands)                           | Three months ended |            |
|--|--------------------|------------|
|  | November 26, 2005  |            |
| Components of net periodic pension cost: |                    |            |
| Service cost                             | \$                 | 203        |
| Interest cost                            |                    | 51         |
| Expected return on plan assets           |                    | (5)        |
| Amortization of unrecognized gain        |                    | —          |
| Recognized actuarial loss                |                    | 16         |
| Net periodic pension cost                | <u>\$</u>          | <u>265</u> |

## 10. SUBSEQUENT EVENT

On November 29, 2005, the Company announced that it will close its manufacturing plant in 2006 located in Bad Rappenau, Germany and relocate the production of products made in that facility to other existing manufacturing plants located in the United States and Asia. The Company expects this closure to result in out-of-pocket expenses for severance and other plant closure expenses of approximately \$3.5 million and asset impairment charges of up to \$3.0 million.

The assets and liabilities of the life sciences business were sold on December 16, 2005 for cash consideration of \$1.1 million. The assets of the tape and reel product line were sold on December 27, 2005 for cash consideration of \$1.0 million.

On January 7, 2006, the Company signed a purchase agreement to sell the assets of its gas delivery business for approximately \$15 million, subject to adjustments for severance and sublease payments. The Company expects to close the sale of the gas delivery assets in the first quarter of calendar 2006.



## 11. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2003 and March 2004, the Emerging Issues Task Force (EITF) reached a consensus on EITF Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* (EITF No. 03-1). The consensus requires companies to apply new guidance for evaluating whether an investment is other-than-temporarily impaired and also requires quantitative and qualitative disclosure of debt and equity securities, classified as available-for-sale or held-to-maturity, that are determined to be only temporarily impaired at the balance sheet date. The Company incorporated the required disclosures for investments accounted for under SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, as required in fiscal year 2004. In September 2004, the consensus was indefinitely delayed as it relates to the measurement and recognition of impairment losses for all securities in the scope of paragraphs 10-20 of EITF No. 03-1. The disclosures prescribed by EITF No. 03-1 and guidance related to impairment measurement prior to the issuance of this consensus continue to remain in effect. Adoption is not expected to have a material impact on the Company's consolidated financial statements.

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 clarifies that a conditional asset retirement obligation, as used in SFAS No. 143, *Accounting for Asset Retirement Obligations*, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of the settlement are conditional on a future event that may or may not be within the control of the entity. The Statement is effective for companies no later than the end of fiscal years ending after December 15, 2005. The Company is in the process of evaluating the impact of FIN 47 on the Company's consolidated financial statements and the timing of adoption.

In May 2005, the FASB issued FASB Statement No. 154, *Accounting Changes and Error Corrections* (SFAS No. 154), which replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. This Statement changes the requirements for the accounting for and reporting of a change in accounting principle, and applies to all voluntary changes in accounting principles, as well as changes required by an accounting pronouncement in the unusual instance it does not include specific transition provisions. Specifically, this Statement requires retrospective application to prior periods' financial statements, unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. When it is impracticable to determine the effects of the change, the new accounting principle must be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and a corresponding adjustment must be made to the opening balance of retained earnings for that period rather than being reported in an income statement. When it is impracticable to determine the cumulative effect of the change, the new principle must be applied as if it were adopted prospectively from the earliest date practicable. This Statement is effective for the company for all accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. This Statement does not change the transition provisions of any existing pronouncements. The Company does not believe that the adoption of SFAS No. 154 will have a material impact on the Company's consolidated financial statements.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### **Overview**

Entegris, Inc. is a leading provider of materials integrity management products and services that purify, protect and transport the critical materials used in key technology-driven industries. Entegris derives most of its revenue from the sale of products and services to the semiconductor and data storage industries. The Company's customers consist primarily of semiconductor manufacturers, semiconductor equipment and materials suppliers, and hard disk manufacturers which are served through direct sales efforts, as well as sales and distribution relationships, in the United States, Asia and Europe.

Effective August 6, 2005 Entegris, Inc., a Minnesota corporation, and Mykrolis Corporation, a Delaware corporation, completed a strategic merger of equals transaction, pursuant to which they were each merged into a new Delaware corporation named Entegris, Inc. to carry on the combined businesses. The transaction was accounted for as an acquisition of Mykrolis by Entegris.

With the merger with Mykrolis Corporation, the Company added liquid and gas filters, liquid delivery systems, components and consumables used to precisely measure, deliver, control and purify the process liquids, gases and chemicals that are used in the semiconductor manufacturing process to its materials integrity management product offerings.

After the merger with Mykrolis, the Company offers a diverse product portfolio which includes more than 13,000 standard and customized products that we believe provide the most comprehensive offering of materials integrity management products and services to the microelectronics industry. Entegris' materials integrity management products purify, protect and transport critical materials in the semiconductor manufacturing process.

Certain of these products are unit driven and consumable products that rely on the level of semiconductor manufacturing activity to drive growth while others rely on expansion of manufacturing capacity to drive growth. Unit driven and consumable product class includes wafer shippers, disk shipping containers and test assembly and packaging products, membrane based liquid filters and housings, metal based gas filters and resin based gas purifiers, as well as PVA roller brushes for use in post CMP cleaning applications. Capital expense driven products include process carriers that protect the integrity of in-process wafers, components, systems and subsystems that use electro-mechanical, pressure differential and related technologies, to permit semiconductor and other electronics manufacturers to monitor and control the flow and condition of process liquids used in these manufacturing processes.

Prior to December 13, 2005, the Company's fiscal year was a 52- or 53-week period ending on the last Saturday of August. The previous fiscal year ended on August 27, 2005 and also comprised 52 weeks. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ending August 27, 2005 is referred to as "fiscal 2005". On December 13, 2005 the registrant's Board of Directors approved the change of the registrant's fiscal year to the calendar year, ending on December 31<sup>st</sup> of each year. Accordingly, the registrant is filing a Form 10-Q for the quarter ended November 26, 2005 and will file a transition report on Form 10-Q covering the period from August 27, 2005 through December 31, 2005.

### **Forward-Looking Statements**

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations, except for the historical information, contains forward-looking statements. These statements are subject to risks and uncertainties. These forward-looking statements could differ materially from actual results. The Company assumes no obligation to publicly release the results of any revision or updates to these forward-looking statements to reflect future events or unanticipated occurrences. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the related Notes, which are included elsewhere in this report.

**Key operating factors** Key factors, which management believes have the largest impact on the overall results of operations of Entegris, Inc. include:

- **The level of sales** Since a large portion of the Company's product costs (excepting raw materials, purchased components and direct labor) are largely fixed in the short/medium term, an increase or decrease in sales affects gross profits and overall profitability significantly. Also, increases or decreases in sales and operating profitability affects certain costs such as short-term variable compensation which is highly variable in nature.
- **The variable margin on sales**, which is determined by selling prices and the cost of manufacturing and raw materials, has a large effect on profit. This is also affected by a number of factors, which include the Company's sales mix, purchase prices of raw material, especially resin, purchased components, competition, both domestic and international, direct labor costs, and the efficiency of the Company's production operations, among others. The Company has experienced significant increases in resin prices as a result of oil price increases in 2005, leading to lower margins on certain product lines.
- **The Company's fixed cost structure is significant** Increases or decreases in sales have a large impact on profitability. There are a number of large fixed or semi-fixed cost components, which include salaries, indirect labor, and benefits, and depreciation and amortization. It is not possible to vary these costs easily and in the short term as volumes fluctuate. Thus changes in sales volumes can affect the usage and productivity of these cost components and can have a large effect on the Company's results of operations.

**Overall Summary of First Quarter Fiscal 2006 Financial Results** For the first quarter of fiscal 2006, net sales increased 65% from last year's first quarter, principally driven by the inclusion of sales from Mykrolis. Sales were adversely affected by the weakening of international currencies versus the U.S. dollar, most notably in Japan.

Although sales increased year over year, the company reported lower gross margins due to certain restructuring costs totaling \$2.5 million related to consolidation of some of its manufacturing facilities and the \$17.8 million charge-off of the write-up of inventory acquired as part of the merger with Mykrolis. The company also had significantly higher selling, general and administrative costs, by \$31.1 million, as a result of the merger compared to the year ago quarter. These costs included the costs of integration activities, severance and termination costs that were expensed during the period. As a result, the Company reported a net loss of \$16.1 million for the year when compared net earnings of \$5.7 million in the year ago quarter.

During the first quarter of fiscal 2006, the Company generated cash flows of \$2.5 million from operations. Cash, cash equivalents and short-term investments were approximately \$275 million at November 25, 2005, compared with \$279 million at the end of the fourth quarter of fiscal 2005.

On September 12, 2005, the Company announced that it would divest its gas delivery, life science and tape and reel product lines. The life science and tape and reel product lines divestitures were completed in December 2005; management expects the gas delivery divestiture to be completed in 2006. As part of the purchase accounting allocation of the acquisition of Mykrolis, the fair value of the assets of the gas delivery business have been classified as assets held for sale as of the date of the August 6, 2005 acquisition. The assets and liabilities of the life science and tape and reel businesses have also been classified as assets held for sale. The consolidated financial statements have been reclassified to segregate the assets and liabilities, and operating results of, the businesses to be divested for all periods presented.

## **Critical Accounting Policies**

Management's discussion and analysis of financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. At each balance sheet date, management evaluates its estimates, including, but not limited to, those related to accounts receivable, warranty and sales return obligations, inventories, long-lived assets, and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The critical accounting policies affected most significantly by estimates, assumptions and judgments used in the preparation of the Company's consolidated financial statements are discussed below.

### **Net Sales**

The Company's net sales consist of revenue from sales of products net of trade discounts and allowances. The Company recognizes revenue upon shipment, primarily FOB shipping point, when evidence of an arrangement exists, contractual obligations have been satisfied, title and risk of loss have been transferred to the customer and collection of the resulting receivable is probable based upon historical collection results and regular credit evaluations. In most transactions, the Company has no obligations to its customers after the date products are shipped other than pursuant to warranty obligations. In the event that significant post-shipment obligations or uncertainties exist such as customer acceptance, revenue recognition is deferred as appropriate until such obligations are fulfilled or the uncertainties are resolved.

### **Accounts Receivable-Related Valuation Accounts.**

The Company maintains allowances for doubtful accounts and for sales returns and allowances. Significant management judgments and estimates must be made and used in connection with establishing these valuation accounts. Material differences could result in the amount and timing of the Company's results of operations for any period if we made different judgments or utilized different estimates. In addition, actual results could be different from the Company's current estimates, possibly resulting in increased future charges to earnings.

The Company provides an allowance for doubtful accounts for all individual receivables judged to be unlikely for collection. For all other accounts receivable, the Company records an allowance for doubtful accounts based on a combination of factors. Specifically, management analyzes the age of receivable balances, historical bad debts write-off experience, industry and geographic concentrations of customers, general customer creditworthiness and current economic trends when determining its allowance for doubtful accounts. The Company's allowance for doubtful accounts was \$1.8 million and \$2.2 million at November 26, 2005 and August 27, 2005, respectively.

An allowance for sales returns and allowances is established based on historical trends and current trends in product returns. At November 26, 2005 and August 27, 2005, the Company's reserve for sales returns and allowances was \$1.5 million and \$1.4 million, respectively.

**Inventory Valuation** The Company uses certain estimates and judgments to properly value inventory. In general, the Company's inventories are recorded at the lower of manufacturing cost or market value. Each quarter, the Company evaluates its ending inventories for obsolescence and excess quantities. This evaluation includes analyses of inventory levels, historical write-off trends, expected product lives, sales levels by product and projections of future sales demand. Inventories that are considered obsolete are written off or a full valuation allowance is recorded. In addition, valuation allowances are established for inventory quantities in excess of forecasted demand. Inventory valuation allowances were \$8.3 million and \$8.0 million at November 26, 2005 and August 27, 2005, respectively.

The Company's inventories comprise materials and products subject to technological obsolescence, which are sold in highly competitive industries. If future demand or market conditions are less favorable than current analyses, additional inventory write-downs or valuation allowances may be required and would be reflected in cost of sales in the period the revision is made.

**Impairment of Long-Lived Assets** The Company routinely considers whether indicators of impairment of its property and equipment assets, particularly its molding equipment, are present. If such indicators are present, it is determined whether the sum of the estimated undiscounted cash flows attributable to the assets in question is less than their carrying value. If less, an impairment loss is recognized based on the excess of the carrying amount of the assets over their respective fair values. Fair value is determined by discounting estimated future cash flows, appraisals or other methods deemed appropriate. If the assets determined to be impaired are to be held and used, the Company recognizes an impairment charge to the extent the present value of anticipated net cash flows attributable to the assets are less than the assets' carrying value. The fair value of the assets then becomes the assets' new carrying value, which we depreciate over the remaining estimated useful life of the assets.

The Company assesses the impairment of indefinite life intangible assets and related goodwill at least annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important which could trigger an impairment review, and potentially an impairment charge, include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the Company's overall business strategy;
- significant negative industry or economic trends; and
- significant decline in the Company's stock price for a sustained period changing the Company's market capitalization relative to its net book value;

**Income Taxes** In the preparation of the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which the Company operates. This process involves estimating actual current tax exposures together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheet.

The Company intends to continue to reinvest its undistributed international earnings in its international operations; therefore, no U.S. tax expense has been recorded to cover the repatriation of such undistributed earnings.

The Company has significant amounts of deferred tax assets. Management reviews its deferred tax assets for recoverability on a quarterly basis and assesses the need for valuation allowances. These deferred tax assets are evaluated by considering historical levels of income, estimates of future taxable income streams and the impact of tax planning strategies. A valuation allowance is recorded to reduce deferred tax assets when it is determined that it is more likely than not that the Company would not be able to realize all or part of its deferred tax assets. The Company carried a \$0.7 million valuation allowance against its deferred tax assets at November 26, 2005 in connection with a portion of a capital loss carryforward that more likely than not will not be utilized. No valuation allowance was established against its deferred tax assets at August 27, 2005.

#### **Warranty Claims Accrual**

The Company records a liability for estimated warranty claims. The amount of the accrual is based on historical claims data by product group and other factors. Claims could be materially different from actual results for a variety of reasons, including a change in product failure rates and service delivery costs incurred in correcting a product failure, manufacturing changes that could impact product quality, or as yet unrecognized defects in products sold. At November 26, 2005 and August 27, 2005, the Company's accrual for estimated future warranty costs was \$2.5 million and \$2.8 million, respectively.

## **Business Acquisitions**

The Company accounts for acquired businesses using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income. Accordingly, for significant items, the Company typically obtains assistance from independent valuation specialists.

There are several methods that can be used to determine the fair value of assets acquired and liabilities assumed. For intangible assets, the Company normally utilizes the “income method.” This method starts with a forecast of all of the expected future net cash flows. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include the projected future cash flows (including timing) and the discount rate reflecting the risks inherent in the future cash flows.

Determining the useful life of an intangible asset also requires judgment. For example, different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. All of these judgments and estimates can significantly impact net income.

## **Stock-based Compensation Expense**

Effective August 28, 2005, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, (SFAS 123(R)) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (ESPP) based on estimated fair values. Stock-based compensation expense recognized under SFAS 123(R) for the three months ended November 26, 2005 was \$8.5 million which consisted of stock-based compensation expense related to employee stock options and employee stock purchases, as well as stock-based compensation expense related to the Mykrolis acquisition. Stock-based compensation expense of \$0.4 million for the three months ended November 27, 2004 was related to restricted stock awards granted to employees that the Company recognized under previous accounting standards. There was no stock-based compensation expense related to employee stock options and employee stock purchases recognized during the three months ended November 27, 2004.

Under SFAS 123(R), the Company must estimate the value of employee stock options on the date of grant. There were no grants awarded during the three months ended November 26, 2005. Prior to the adoption of SFAS 123(R), the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial information in accordance with SFAS 123. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company’s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the expected stock price volatility over the term of the awards, risk-free interest rate and dividend yield assumptions, and actual and projected employee stock option exercise behaviors.

As stock-based compensation expense recognized in the Consolidated Statement of Operations for the quarter ended November 26, 2005 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

If factors change and the Company employs different assumptions in the application of SFAS 123(R) in future periods, the compensation expense recorded under SFAS 123(R) may differ significantly from what was recorded in the current period.

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**Three Months Ended November 26, 2005 Compared to Three Months Ended November 27, 2004**

The following table compares continuing operating results with year-ago results, as a percentage of sales, for each caption.

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | November 26, 2005  | November 27, 2004 |
| Net sales   | 100.0%             | 100.0%            |
| Cost of sales   | 67.5               | 57.8              |
| Gross profit  | 32.5               | 42.2              |
| Selling, general and administrative expenses            | 38.5               | 26.8              |
| Engineering, research and development expenses          | 6.9                | 5.2               |
| Operating (loss) income                                 | (12.8)             | 10.2              |
| Interest income, net                                    | (1.0)              | (0.4)             |
| Other (income) expense, net                             | —                  | 0.4               |
| (Loss) income before income taxes and other items below | (11.7)             | 10.1              |
| Income tax (benefit) expense                            | (4.8)              | 2.8               |
| Equity in net (earnings) loss of affiliates             | (0.1)              | —                 |
| (Loss) income from continuing operations                | (6.9)              | 7.3               |

**Net sales** Net sales were \$146.8 million in the quarter ended November 26, 2005, up 65% compared to \$89.1 million in the first quarter of fiscal 2005. Sales from Mykrolis operations totaled \$64.7 million, accounting for slightly more than the overall year-over-year increase. Sales were adversely affected by the weakening of international currencies versus the U.S. dollar, most notably in Japan. Sequentially, net sales for the quarter were 46% higher than the fourth quarter of fiscal 2005. On a geographic basis, total sales to North America were 32%, Asia Pacific 33%, Europe 14% and Japan 22%.

Industry indicators during the quarter were largely positive. Semiconductor device makers and foundries reported continued high fab utilization rates, both at the advanced technology nodes and for NAND flash and other memory devices. Capital spending was also generally favorable.

These trends were reflected across unit-driven products, which were approximately 72% of the quarter's sales. Sales of liquid filtration and purification products, which represent almost half of unit-driven sales, increased from the previous quarter. Strength in Japan and North America was offset by relative weakness in Europe, whose order trends typically trail those in other geographies. Even with customer utilization rates at high levels, the near-term trends are positive due to additional customer fab capacity coming on line in the first part of 2006.

Sales of wafer shippers rose in the quarter, driven by demand for product for 200mm and below. Other unit-driven products were mixed. Strong sales of gas microcontamination filters and purifiers, which are used on a broad spectrum of gas and vacuum based tools, offset lower sales of shippers for data storage devices and matrix trays for finished electronic products.

Capital-driven sales were 28% of total sales. Sales of 300mm wafer carriers and cleaning equipment declined relative to the fourth quarter of fiscal 2005. Sales of this equipment are primarily driven by the timing of new fab construction, and as such, demand can be variable from quarter to quarter. Sales of liquid systems products were about even with the prior quarter.

**Gross profit** Gross profit in the first quarter of fiscal 2006 increased by \$10.2 million to \$47.8 million, an increase of 27% from the \$37.6 million reported in the first quarter of fiscal 2005. The gross margin percentage for the fiscal 2006 first quarter was 32.5 % versus 42.2% in the year-ago first quarter.

The gross margin percentage figure for the quarter was significantly below the year-ago figure for a number of reasons. The main factor was the \$17.8 million incremental cost of sales charge associated with the write-up of inventory acquired in the merger with Mykrolis. The inventory write-up was recorded as part of the

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purchase price allocation and was charged off over inventory turns of the acquired inventory and was fully amortized by the end of the quarter. Costs of \$2.5 million associated with the consolidation of manufacturing facilities in the U.S. and Japan also reduced gross profit. Share-based compensation expense of \$0.7 million also contributed to lower gross profit. Although price increases for resins recently began to moderate, on a year-over-year basis the Company's gross margin was lower due to higher material costs for certain products.

Partly offsetting these factors, the Company benefited from the inclusion of sales of gas microcontamination and liquid microcontamination product lines added in the Mykrolis merger as these products typically carry higher gross margins than other the Company's other products.

**Selling, general and administrative expenses.** Selling, general and administrative (SG&A) expenses increased \$32.5 million, or 136%, to \$56.5 million in the first quarter of fiscal 2006, up from \$23.9 million in the first quarter of fiscal 2005. Due to the magnitude of the increase, SG&A expenses, as a percent of net sales, rose to 38.5% from 26.8% a year earlier, despite the 65% increase in net sales.

The increase in SG&A costs reflects the addition of SG&A expenses of \$14.7 million associated with Mykrolis' infrastructure and increased amortization of intangibles of \$3.6 million as well as costs of \$8.1 million incurred by the Company in connection with the integration activities associated with the Mykrolis merger and includes severance and retention costs and other costs associated with integration of the two operations. The year-over-year increase also includes higher share-based compensation expense of \$7.4 million.

The Company expects SG&A costs to be higher than normal through the middle of calendar 2006 as integration costs and related severance and retention costs of approximately \$8 million are expected to be incurred during this timeframe. In addition, the Company expects the overall SG&A costs to be higher as the Company will have a full year of sales and operating expenses related to Mykrolis operation. The Company expects that overall SG&A costs will decline on a prospective basis resulting from the combination of various sales, marketing and other corporate functions during 2006. These savings are expected to be realized in the latter half of calendar 2006.

**Engineering, research and development expenses** Engineering, research and development (ER&D) expenses were \$10.1 million in the first quarter of fiscal 2006, up 117% from \$4.7 million in the first quarter of fiscal 2005. ER&D expenses, as a percent of net sales, increased to 6.9% from 5.2%, reflecting the inclusion of Mykrolis ER&D expenses. The Company continued to focus on the support of current product lines, and the development of new products and manufacturing technologies.

**Interest income, net** Net interest income of \$1.5 million in the first quarter of fiscal 2006 compared to \$0.4 million in the year-ago period. The increase reflects the higher rates of interest available on the Company's investments in short-term debt securities as well as the higher average net invested balance compared to the year-ago period, associated in part with the investment funds acquired in the Mykrolis merger.

**Other (income) expense, net** Other income was nominal in the quarter ended November 26, compared to other expense of \$0.3 million in the first quarter of fiscal 2005. Other expense in the first quarter of fiscal 2005 mainly consisted of foreign currency transaction losses.

**Income tax expense** The Company recorded an income tax benefit of \$7.0 million in the first quarter of fiscal 2006 compared to income tax expense of \$2.5 million in the first quarter of fiscal 2005. The effective tax rate was (40.8)% in the first quarter of fiscal 2006, compared to 27.3% in the first quarter of fiscal 2005.

In both periods, the Company's tax rate benefited from lower taxes on foreign operations, a tax benefit associated with export activities, and a tax credit associated with R&D activities. Income tax expense in fiscal 2005 included a \$500,000 tax benefit that was recorded in connection with the resolution of a U.S. Federal income tax refund claim made by the Company.



**Discontinued operations** The Company's businesses classified as discontinued operations recorded a net loss of \$6.0 million, net of tax, in the quarter ended November 26, 2005. The results included pre-tax impairment charges of \$7.1 million, or \$5.1 million after taxes, associated with write-downs of long-lived assets to fair value less cost to sell.

**Net income** The Company recorded a net loss of \$16.1 million, or \$0.12 per diluted share, in the quarter ended November 26, 2005 compared to net income of \$5.7 million, or \$0.08 per diluted share, in the first quarter of fiscal 2005. The loss from continuing operations for the quarter was \$10.1 million, or \$0.07 per share, compared to net income of \$6.6 million, or \$0.09 per share, in the year ago period.

#### **Liquidity and Capital Resources**

**Operating activities** Cash flow provided by operating activities totaled \$2.5 million in the first quarter of fiscal 2006. The Company's net loss from continuing operations of \$10.1 million was offset by various noncash charges, including depreciation and amortization of \$10.0 million, the incremental cost of sales charge of \$17.8 million associated with the write-up of inventory and stock-based compensation expense of \$8.5 million. In turn, operating cash flow was reduced by the impact of reductions in accrued liabilities and income taxes payable.

Working capital at November 26, 2005 stood at \$408.2 million, down slightly from \$417.9 million as of August 27, 2005, and included \$274.8 million in cash, cash equivalents and short-term investments.

Accounts receivable, net of foreign currency translation adjustments, rose by \$1.1 million, reflecting the relative flatness of sales on a sequential basis. The Company's days sales outstanding stood at 74 days compared to 67 days at the beginning of the year.

Inventories fell by \$1.9 million from the fourth quarter of fiscal 2005 after accounting for foreign currency translation adjustments and the incremental cost of sales charge of \$17.8 million associated with the write-up of inventory. The decline in finished goods inventories was partly offset by higher raw material inventories.

Accounts payable and accrued liabilities decreased by \$9.1 million from the previous quarter mainly due to the payment of fiscal 2005 accrued incentive compensation. Income taxes payable decreased by \$15.8 million, reflecting both tax payments and the tax benefits recognized during the quarter.

**Investing activities** Cash flow used in investing activities totaled \$8.9 million in the first quarter of fiscal 2006. Acquisition of property and equipment totaled \$6.6 million, primarily for additions of manufacturing, computer and laboratory equipment. The Company expects future capital expenditures of \$40 million through calendar 2006, consisting mainly of spending on facilities expansions, manufacturing equipment, tooling and information systems.

The company had purchases of short-term investments, net of maturities, of \$2.2 million during the quarter. Short-term investments stood at \$107.1 million at November 26, 2005.

**Financing activities** Cash provided by financing activities totaled \$2.7 million during the first quarter of fiscal 2006. The Company made payments of \$4.3 million on borrowings, while proceeds from new borrowings totaled \$3.4 million during the quarter.

The Company received proceeds of \$3.4 million in connection with common shares issued under the Company's stock option plans.

As of November 26, 2005, the Company's sources of available funds comprised \$167.8 million in cash and cash equivalents, \$107.1 million in short-term investments and various credit facilities. Entegris has an unsecured revolving credit agreement with one domestic commercial bank with aggregate borrowing capacity of \$10 million, with no borrowings outstanding at November 26, 2005 and lines of credit with five

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international banks that provide for borrowings of currencies for the Company's overseas subsidiaries, equivalent to an aggregate of approximately \$15.2 million. Borrowings outstanding on these lines of credit were approximately \$2.8 million at November 26, 2005.

At November 26, 2005, the Company held restricted cash totaling \$1.2 million. These funds are collateral related to a security deposit under a lease for one of the Company's administrative, research and development and manufacturing facilities as well as other security deposits and were invested in certificates of deposit and money market funds at November 26, 2005.

The Company's unsecured revolving credit agreement, which expires in May 2008, allows for aggregate borrowings of up to \$10 million with interest at Eurodollar rates plus 0.875%. Under the unsecured revolving credit agreement, the Company is subject to, and is in compliance with, certain financial covenants requiring a leverage ratio of not more than 2.25 to 1.00. In addition, the Company must maintain a calculated consolidated tangible net worth, which, as of November 26, 2005, was \$462 million, while also maintaining consolidated aggregate amounts of cash and cash equivalents (which under the agreement may also include auction rate securities classified as short-term investments) of not less than \$75 million.

At November 26, 2005, the Company's shareholders' equity stood at \$1,010.2 million, down from \$1,023.4 million at the beginning of the year. This decrease was due to the Company's net loss and foreign currency translation adjustments, which were partly offset by the proceeds associated with shares issued under the Company's stock option and stock purchase plans.

The Company expects to incur total expenses of approximately \$30 million in connection with the integration activities resulting from its merger with Mykrolis, of which approximately \$22 million was recorded in through November 26, 2005. Entegris expects that integration process following the merger will ultimately provide annualized cost savings of approximately \$20 million. The Company expects these cost synergies to be fully in place by the middle of calendar year 2006.

The Company believes that its cash and cash equivalents, short-term investments, cash flow from operations and available credit facilities will be sufficient to meet its working capital and investment requirements for the next 12 months. However, future growth, including potential acquisitions, may require the Company to raise capital through additional equity or debt financing. There can be no assurance that any such financing would be available on commercially acceptable terms.

**Cautionary Statements** This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include forward-looking statements which reflect the Company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forecasts and projections in this document are "forward-looking statements," and are based on management's current expectations of the Company's near-term results, based on current information available pertaining to the Company, including the risk factors identified in the Company's Annual Report on Form 10-K for the fiscal year ended August 27, 2005 and its quarterly reports on Form 10-Q and current reports on Form 8-K as filed with the Securities and Exchange Commission. Such risks, uncertainties and other factors include, among others: general economic and business conditions and industry trends in the countries in which the Company operates; currency exchange risks; the continued strength of the industries in which the Company operates; uncertainties inherent in proposed business strategies and development plans; rapid technological changes; future financial performance, including availability, terms and deployment of capital; availability of qualified personnel; changes in, or the failure or the inability to comply with, government regulation in the countries in which the Company operates, and adverse outcomes from regulatory proceedings; changes in the nature of key strategic relationships with partners and joint venturers; competitor responses to the products and the ability of the Company to satisfy the conditions to closing specified in the Merger Agreements with Mykrolis.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Entegris' principal financial market risks are sensitivities to interest rates and foreign currency exchange rates. The Company's interest-bearing cash equivalents and short-term investments, and long-term debt and short-term borrowings are subject to interest rate fluctuations. Most of its long-term debt at November 26, 2005 carries fixed rates of interest. The Company's cash equivalents and short-term investments are debt instruments with maturities of 24 months or less. A 100 basis point change in interest rates would potentially increase or decrease annual net income by approximately \$1.7 million annually.

The cash flows and earnings of the Company's foreign-based operations are subject to fluctuations in foreign exchange rates. The Company occasionally uses derivative financial instruments to manage the foreign currency exchange rate risks associated with its foreign-based operations. At November 26, 2005, the Company was party to forward contracts to deliver Japanese yen, Taiwanese dollars, Singapore dollars and Euros with notional values of approximately \$4.3 million, \$3.5 million, \$3.8 million and \$5.2 million, respectively. A hypothetical 10% change in the foreign currency exchange rates would potentially result in exchange gains or losses that would increase or decrease net income by approximately \$0.5 million.

Item 4: Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commissions' rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of management, including the chief executive officer and chief financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of November 26, 2005. Based on its evaluation, and in light of the material weakness in internal control over financial reporting referenced below, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were not effective as of November 26, 2005, as the Company's material weakness will not be considered remediated until the new internal controls are operational for a period of time and are tested, and management concludes that these controls are operating effectively.

(b) Changes in internal control over financial reporting. Other than the changes associated with material weakness remediation efforts noted below, there have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation described above, including any corrective actions with regard to significant deficiencies and material weaknesses.

As previously reported, in connection with the Company's assessment of the effectiveness of our internal control over financial reporting at the end of our last fiscal year, we identified a material weakness in our internal control over financial reporting. The following material weakness in internal control over financial reporting as of August 27, 2005 was identified: The Company did not have effective policies and procedures, or personnel with sufficient knowledge of accounting for compensation related matters in purchase accounting transactions, to ensure that such transactions were accounted for in accordance with generally accepted accounting principles. Specifically, the Company's policies and procedures did not provide for effective identification of, and consideration of, terms in compensation arrangements that impact the accounting for compensation arrangements. Because of the material weakness described above, management concluded that (i) the Company did not maintain effective internal control over financial reporting as of August 27, 2005, based on the criteria established in "Internal Control - Integrated Framework" issued by COSO, and (ii) as a result of this material weakness our disclosure controls and procedures were not effective as of August 27, 2005.

To address this material weakness, the Company took the following actions in the first quarter of fiscal 2006 to remediate the material weakness in the Company's internal control over financial reporting. We implemented additional review procedures over purchase accounting practices and implemented additional review procedures over the selection and application of accounting policies and procedure. Although the Company's remediation efforts are considered complete as of the end of the first quarter of 2006, the Company's material weakness will not be considered remediated until the new internal controls are operational for a period of time and are tested, and management concludes that these controls are operating effectively.

PART II  
OTHER INFORMATION

Item 1. Legal Proceedings

The following discussion provides new and updated information regarding certain proceedings to which the Company was a party during the fiscal period ended November 26, 2005. Other information with respect to legal proceedings appears in the Company's Report on Form 10-K for the fiscal year ended August 27, 2005.

As described in the Company's Report on Form 10-K for the fiscal year ended August 27, 2005, on March 3, 2003 the Company's predecessor, Mykrolis Corporation, filed a lawsuit against Pall Corporation in the United States District Court for the District of Massachusetts alleging infringement of two of the Company's U.S. patents by a fluid separation device known as the Pall Photo Kleen EZD-2 filter assembly manufactured and sold by the defendant. The Company's lawsuit also sought a preliminary injunction preventing the defendant from the manufacture, use, sale, offer for sale or importation into the U.S. of the infringing product. There have been no developments in this matter during the quarter ended November 26, 2005.

As described in the Company's Report on Form 10-K for the fiscal year ended Aug. 27, 2005, on June 28, 2005, the Company's predecessor, Entegris, Inc., a Minnesota corporation, filed a lawsuit against Miraial Co. Ltd. in the United States District Court for the District of Minnesota alleging the infringement, contributory infringement or inducement to infringe of five of the Company's U.S. patents relating to containers for transporting and storing silicon wafers used in the manufacture of semiconductors. The lawsuit also sought preliminary and permanent injunctions preventing the defendant from directly infringing, infringing by inducement or contributing to the infringement of these patents. On September 23, 2005 defendant filed a motion to dismiss for lack of jurisdiction and insufficiency of service of process. On October 28, 2005 this case was transferred to the U.S. District Court for the Southern District of New York by stipulation of the parties and the defendant accepted service of process and submitted to the jurisdiction of that court. This suit is currently pending the U.S. District Court for the Southern District of New York.

Item 6. Exhibits

- 10.1 Ninth Amendment dated as of November 25, 2005 among Entegris, Inc. and Wells Fargo NA to Credit Agreement dated as of November 30, 1999
- 10.2 Form of Entegris, Inc. Restricted Stock Award Agreement
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CONFORMED COPY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENTEGRIS, INC.

/s/ John D. Villas

Date: January 10, 2006

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John D. Villas  
Senior Vice President and Chief  
Financial Officer (on behalf of the  
Registrant and as principal financial officer)

## NINTH AMENDMENT TO CREDIT AGREEMENT

This Amendment, dated as of November 25, 2005, is made by and among ENTEGRIS, INC., a Delaware corporation, and successor by merger to Entegris, Inc., a Minnesota corporation (the “Borrower”), each of the banks appearing on the signature pages hereof, together with such other banks as may from time to time become a party to the Credit Agreement (defined below) pursuant to the terms and conditions of Article VIII of the Credit Agreement (herein collectively called the “Banks” and individually each called a “Bank”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, assignee of Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association in its separate capacity as administrative agent for itself and all other Banks (in such capacity, the “Agent”).

Recitals

A. The Borrower, the Banks and the Agent have entered into a Credit Agreement dated as of November 30, 1999, as amended by Amendments dated as of October 17, 2000, March 1, 2002, February 7, 2003, February 26, 2003, February 17, 2004, October 5, 2004, February 25, 2005 and May 26, 2005 (as so amended, the “Credit Agreement”).

B. The Borrower has requested that the Banks and the Agent amend the Credit Agreement as set forth hereinafter.

C. The Banks and the Agent are willing to grant the Borrower’s request subject to the terms and conditions set forth below.

ACCORDINGLY, in consideration of the premises and for other good and valuable consideration, the Borrower, the Banks and the Agent agree as follows:

1. Defined Terms. All capitalized terms used in this Amendment and not otherwise specifically defined in this Amendment shall have the meanings given such terms in the Credit Agreement.

2. Amendments to the Credit Agreement. The Credit Agreement is amended as follows:

2.1 Definition of EBITDA. The definition of “EBITDA” in Section 1.1 is amended to read as follows:

“‘EBITDA’ means, with respect to the applicable Covenant Computation Period, such Person’s Pre-Tax Earnings (excluding non-cash income) plus Interest Expense and Non-Cash Charges, in each case excluding extraordinary items, determined with respect to the Borrower during such Covenant Computation Period, provided, that for purposes of calculating EBITDA on the Covenant Computation Dates of August 27, 2005 and November 26, 2005 and the Covenant Computation Periods then ending (and not for purposes of calculating EBITDA as of any other Covenant Computation Date or

Covenant Computation Period), merger integration and asset disposition costs of \$51,602,000 incurred during the fiscal quarters ending August 27, 2005 and November 26, 2005 shall be added in calculating EBITDA.”

2.1 Change of Fiscal Year. The Borrower has informed the Agent and the Banks that the Borrower and its subsidiaries have elected to change the fiscal year and tax reporting year of the Borrower from (i) the first accounting period ending after August of each year through the last accounting period of the next-following August, to (ii) the calendar year. To effect such change, the period of August 28, 2005 through December 31, 2005 shall become a separate reporting period. For purposes of such transition:

(a) The Borrower shall provide to the Agent and the Banks each financial report and certificate that would otherwise be required at the end of a fiscal quarter as of December 31, 2005. December 31, 2005 shall be deemed to be a Covenant Computation Date, and each financial requirement shall be calculated on such date for the period of twelve consecutive months then ending. The Quarterly Financial Statement Due Date shall be determined as if December 31, 2005 were the end of a fiscal quarter and the Eurodollar Rate Margin, Floating Rate Margin, Commitment Fee Percentage and Unused Commitment Fee Percentage shall be determined as if such date were the end of a fiscal quarter.

(b) For all Covenant Computation Dates through and including September 30, 2006, compliance with all financial requirements and calculation of the Eurodollar Rate Margin, Floating Rate Margin, Commitment Fee Percentage and Unused Commitment Fee Percentage shall be determined based on a Covenant Computation Period of twelve consecutive months (notwithstanding any reference in the Credit Agreement to any period of four consecutive fiscal quarters then ending).

(c) The annual audited financial statements of the Borrower for the fiscal year ending December 31, 2006 shall include, and shall separately report on, the period of August 28, 2005 through December 31, 2005.

(d) The last clause of Section 6.13 (“ . . . and will not adopt, permit or consent to any change in its fiscal year”) is waived as applying to the change to a calendar year described herein, but not to any further change of the fiscal year of the Borrower and its Subsidiaries.

3. Conditions Precedent. This Amendment shall become effective when the Agent shall have received the following, each in form and content acceptable to the Agent in its sole discretion:

(a) This Amendment duly executed on behalf of the Borrower, the Banks and the Agent; and

(b) An incumbency certificate for the officer(s) authorized to execute and deliver this Amendment.



4. Reference to and Effect on the Credit Agreement and the other Loan Documents. Except as otherwise amended by this Amendment, all of the terms and conditions of the Credit Agreement and the other Loan Documents prior to giving effect to this Amendment shall remain in full force and effect in accordance with their terms.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

6. Borrower Release. The Borrower hereby absolutely and unconditionally releases and forever discharges the Agent and each of the Banks, and any and all participants, parent corporations, subsidiary corporations, affiliated corporations, insurers, indemnitors, successors and assigns thereof, together withal of the present and former directors, officers, agents and employees of any of the foregoing (the "Released Parties"), from any and all claims, demands or causes of action of any kind, nature or description, whether arising in law or equity or upon contract or tort or under any state or federal law or otherwise, which the Borrower has had, now has or has made claim to have against such Released Party for or by reason of any act, omission, matter, cause or thing whatsoever arising from the beginning of time to and including the date of this Amendment in connection with or related to the transactions evidenced by the Loan Documents, whether such claims, demands and causes of action are mature or unmatured or known or unknown.

7. No Waiver. The execution of this Amendment shall not be deemed to be a waiver of any Default or Event of Default under the Credit Agreement, whether or not known to the Agent and/or the Banks and whether or not existing on the date of this Amendment.

8. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to the Agent and the Banks as follows:

(a) The Borrower has all requisite power and authority to execute this Amendment and to perform all of its obligations under the Credit Agreement, as amended by this Amendment. This Amendment has been duly executed and delivered by the Borrower and constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

(b) The execution, delivery and performance by the Borrower of the Credit Agreement, this Amendment and the other Loan Documents have been duly authorized by all necessary corporate action and do not (i) require any authorization, consent or approval by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) violate any provision of any law, rule or regulation or of any order, writ, injunction or decree presently in effect, having applicability to the Borrower, or the Articles of Incorporation or Bylaws of the Borrower, or (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or its properties may be bound or affected.

(c) All of the representations and warranties contained in Article IV of the Credit Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

(d) NT International, Inc., which had been a Guarantor, has merged into the Borrower, with the Borrower being the surviving entity and all assets and liabilities of NT International, Inc. having been transferred to and assumed by the Borrower. Upon request of the Agent, the Borrower will deliver to the Agent copies of the articles of merger filed with the state of Delaware to cause such merger.

9. References. All references in the Credit Agreement to “this Agreement” shall be deemed to refer to the Credit Agreement as amended by this Amendment; and any and all references in any of the other Loan Documents to the “Credit Agreement” shall be deemed to refer to the Credit Agreement as amended by this Amendment. All references to schedules or exhibits in the Credit Agreement shall be deemed to include the amendments to such schedules and exhibits effected hereby.

10. Law. This Amendment shall be a contract made under the laws of the State of Minnesota, which laws shall govern all the rights and duties hereunder. Provisions of the Credit Agreement respecting consent to jurisdiction and waiver of jury trial shall apply, equally, to this Amendment.

(signature page follows)

IN WITNESS WHEREOF, the parties hereby have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first above written.

ENTEGRIS, INC.

By: /s/ John D. Villas

Title: Chief Financial Officer

and

By: /s/ Peter W. Walcott

Title: Senior Vice President and General Counsel

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as a Bank and as Agent

By: /s/ Richard Trembley

Title: Vice President

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Name of Employee ("Employee")

**ENTEGRIS, INC.**  
Restricted Stock Award Agreement

In consideration of services rendered by Employee to Entegris, Inc. (the "Company") the undersigned Employee: **(i)** acknowledges that Employee has received an award (the "Award") of restricted stock from the Company under the *[Mykrolis – Entegris, Inc. 2001 Equity Incentive Plan or Entegris –Entegris, Inc. 1999 Long-Term Incentive and Stock Option Plan]* (the "Plan"), subject to the terms set forth below and to the terms of the Plan; **(ii)** further acknowledges receipt of a copy of the Plan as in effect on the effective date hereof; and **(iii)** agrees with the Company as follows:

1. Effective Date. This Agreement shall take effect as of *[Mykrolis – August 16, 2005; Entegris – August 10, 2005]*, which is the date of grant of the Award.
2. Shares Subject to Award. The Award consists of \_\_\_\_\_ shares (the "Shares") of the Common Stock, \$0.01 par value, of the Company ("Stock"). The undersigned's rights to the Shares are subject to the restrictions described in this Agreement and in the Plan (which is incorporated herein by reference with the same effect as if set forth herein in full) in addition to such other restrictions, if any, as may be imposed by law.
3. Meaning of Certain Terms. Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the Plan. The term "vest" as used herein with respect to any Share means the lapsing of the restrictions described herein with respect to such Share.
4. Nontransferability of Shares. The Shares acquired by the undersigned pursuant to this Agreement shall not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of except as provided below and in the Plan.
5. Forfeiture Risk. If the undersigned ceases to be employed by the Company and its subsidiaries for any reason, including death, any then outstanding and unvested Shares acquired by the undersigned hereunder shall be automatically and immediately forfeited. The undersigned hereby: **(i)** appoints the Company as the attorney-in-fact of the undersigned to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any such shares that are unvested and forfeited hereunder; **(ii)** agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to unvested Shares hereunder, one or more stock powers, endorsed in blank, with respect to such Shares; and **(iii)** agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any unvested Shares that are forfeited hereunder.
6. Retention of Certificates. Any certificates representing unvested Shares shall be held by the Company. If unvested Shares are held in book entry form, the undersigned agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof.

7. Vesting of Shares. The Shares acquired hereunder shall vest in accordance with the provisions of this Paragraph 7 and applicable provisions of the Plan, as follows:

37.5% of the Shares on and after December 31, 2005; and

an additional 5.21% of the Shares on and after the last business day of each calendar quarter of calendar years 2006, 2007 and 2008.

Notwithstanding the foregoing, no Shares shall vest on any vesting date specified above unless the undersigned is then, and since the date of grant has continuously been, employed by the Company or its subsidiaries. In the event of the occurrence of (i) a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company's then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company's assets, or (iii) a dissolution or liquidation of the Company, then in such event, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of outstanding and then unvested Shares be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan. References in this Agreement to the Shares shall refer, mutatis mutandis, to any such restricted amounts.

8. Legend. Any certificates representing unvested Shares shall be held by the Company, and any such certificate shall contain a legend substantially in the following form:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE [Mykrolis, - ENTEGRIS, INC. 2001 EQUITY INCENTIVE PLAN; Entegris – ENTEGRIS, INC. 1999 LONG TERM INCENTIVE AND STOCK OPTION PLAN] AND A RESTRICTED STOCK AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND ENTEGRIS, INC.. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE IN THE OFFICES OF ENTEGRIS, INC.

If any Shares are held in book-entry form, the Company may take such steps as it deems necessary or appropriate to record and manifest the restrictions applicable to such Shares. As soon as practicable following the vesting of any such Shares the Company shall cause a certificate or certificates covering such Shares, without the aforesaid legend, to be issued and delivered to the undersigned. In the case of Shares held in book-entry form, as soon as practicable following the vesting of any such Shares, such Shares shall be freed of restrictions in such book-entry records.

9. Dividends, etc. The undersigned shall be entitled to (i) receive any and all dividends or other distributions paid with respect to those Shares of which Employee is the record owner on the record date for such dividend or other distribution, and (ii) vote any Shares of which Employee is the record owner on the record date for such vote; *provided, however*, that any property or right (other than cash) distributed with respect to a share of Stock (the "associated share") acquired hereunder, including without limitation a distribution of Stock by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with respect to an associated share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the associated share remains subject to such restrictions, and shall be promptly forfeited if and when the associated share is so forfeited; *and further provided*, that the

Administrator may require that any cash distribution with respect to the Shares other than a normal cash dividend be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan. References in this Agreement to the Shares shall refer, *mutatis mutandis*, to any such restricted amounts.

10. *Sale of Vested Shares*. The undersigned understands that Employee will be free to sell any Share once it has vested, subject to (i) satisfaction of any applicable tax withholding requirements with respect to the vesting or transfer of such Share; (ii) the completion of any administrative steps (for example, but without limitation, the transfer of certificates) that the Company may reasonably impose; and (iii) applicable requirements of federal and state securities laws.
11. *Certain Tax Matters*. The undersigned expressly acknowledges that the award or vesting of the Shares acquired hereunder, and the payment of dividends with respect to such Shares, may give rise to “wages” subject to withholding. The undersigned expressly acknowledges and agrees that Employee’s rights hereunder are subject to Employee promptly paying to the Company in cash (or by such other means as may be acceptable to the Company in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Stock or shares of Stock acquired hereunder in accordance with the Plan or by the withholding of amounts from any payment hereunder) all taxes required to be withheld in connection with such award, vesting or payment.
12. *No Understandings as to Employment*. The undersigned further expressly acknowledges that nothing in the Plan or any modification thereto, in the Award or in this Agreement shall constitute or be evidence of any understanding, express or implied, on the part of the Company to employ the undersigned for any period or with respect to the terms of the undersigned’s employment or to give rise to any right to remain in the service of the Company or of any subsidiary or affiliate of the Company, and the undersigned shall remain subject to discharge to the same extent as if the Plan had never been adopted or the Award had never been made.
13. *Amendment*. This Agreement may be amended only by an instrument in writing executed and delivered by the Employee and the Company

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(Signature of Employee)

Dated: \_\_\_\_\_, 200\_\_

The foregoing Agreement is hereby accepted:

**Entegris, Inc.**

By \_\_\_\_\_

Title \_\_\_\_\_

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gideon Argov, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Entegris, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2006

/s/ Gideon Argov

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Gideon Argov  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John D. Villas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Entegris, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2006

/s/ John D. Villas

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John D. Villas  
 Chief Financial Officer  
 (Principal Financial and Accounting Officer)



**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q (the “Report”) of Entegris, Inc, a Minnesota corporation (the “Company”), for the quarter ended November 26, 2005 as filed with the Securities and Exchange Commission on the date hereof, I, Gideon Argov, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 10, 2006

/s/ Gideon Argov

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Gideon Argov  
Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q (the “Report”) of Entegris, Inc, a Minnesota corporation (the “Company”), for the quarter ended November 26, 2005 as filed with the Securities and Exchange Commission on the date hereof, I, John D. Villas, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 10, 2006

/s/ John D. Villas

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John D. Villas  
Chief Financial Officer