

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 30, 2002 Commission File Number 000-30789

ENTEGRIS, INC.

(Exact name of registrant as specified in charter)

Minnesota

41-1941551

(State or other jurisdiction of incorporation)

(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 X NO

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act). YES X 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.

Class

Outstanding at December 31, 2002

Common Stock, \$0.01 Par Value

71,215,514

ENTEGRIS, INC., INC. AND SUBSIDIARIES
FORM 10-Q
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Item 1. Financial Statements

ENTEGRIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

	November 30, 2002	August 31, 2002
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 83,678	\$ 74,830
Short-term investments	37,108	44,624
Trade accounts receivable, net of allowance for doubtful accounts	35,067	35,371
Trade accounts receivable due from affiliates	3,042	4,219
Inventories	37,705	38,859
Deferred tax assets and refundable income taxes	16,721	16,039
Other current assets	2,775	2,793
	-----	-----
Total current assets	216,096	216,735
	-----	-----
Property, plant and equipment, net	98,210	102,104
Other assets		
Investments	8,464	7,883
Intangible assets, net of amortization	29,619	30,295
Goodwill	31,309	31,309
Other	2,089	1,934
	-----	-----
Total assets	\$ 385,787	\$ 390,260
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 1,838	\$ 2,144
Short-term borrowings	10,524	9,421
Accounts payable	8,796	7,977
Accrued liabilities	19,164	20,079
	-----	-----
Total current liabilities	40,322	39,621
	-----	-----
Long-term debt, less current maturities	11,212	12,691
Deferred tax liabilities	15,872	15,802
Minority interest in subsidiaries	--	32
Commitments and contingencies	--	--
Shareholders' equity		
Common stock, \$0.01 par value; 200,000,000 authorized; issued and outstanding shares: 71,190,736 and 71,160,539, respectively	712	712
Additional paid-in capital	132,759	132,676
Retained earnings	185,291	190,932
Accumulated other comprehensive loss	(381)	(2,206)
	-----	-----
Total shareholders' equity	318,381	322,114
	-----	-----
Total liabilities and shareholders' equity	\$ 385,787	\$ 390,260
	=====	=====

See accompanying notes to consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended	
	November 30, 2002	November 24, 2001
Sales to non-affiliates	\$ 48,350	\$ 40,502
Sales to affiliates	5,371	5,350
Net sales	53,721	45,852
Cost of sales	31,843	30,657
Gross profit	21,878	15,195
Selling, general and administrative expenses	18,922	17,630
Engineering, research and development expenses	4,073	4,041
Nonrecurring charges	1,812	4,001
Operating loss	(2,929)	(10,477)
Interest income, net	(300)	(451)
Other expense (income), net	4,787	(289)
Loss before income taxes and other items below	(7,416)	(9,737)
Income tax benefit	(1,832)	(3,700)
Equity in net loss of affiliates	58	--
Minority interest in subsidiaries' net loss	--	(121)
Net loss	\$ (5,642)	\$ (5,916)
	=====	=====
Loss per common share:		
Basic	\$ (0.08)	\$ (0.08)
Diluted	\$ (0.08)	\$ (0.08)
Weighted shares outstanding:		
Basic	71,165	69,742
Diluted	71,165	69,742

See accompanying notes to consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three months ended	
	November 30, 2002	November 24, 2001
<hr/>		
OPERATING ACTIVITIES		
Net loss	\$ (5,642)	\$ (5,916)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,775	6,871
Impairment of property and equipment	350	2,300
Impairment of investment in Metron Technology N.V	4,452	--
Provision for doubtful accounts	(188)	(194)
Provision for deferred income taxes	(1,153)	(287)
Equity in net loss of affiliates	58	--
(Gain) loss on sale of property and equipment	(57)	265
Minority interest in subsidiaries' net loss	--	(121)
Changes in operating assets and liabilities:		
Trade accounts receivable	492	2,450
Trade accounts receivable due from affiliates	1,177	4,802
Inventories	1,154	3,330
Accounts payable and accrued liabilities	(74)	(13,862)
Other current assets	17	3,122
Accrued income taxes and refundable income taxes	(682)	978
Other	(303)	(458)
	-----	-----
Net cash provided by operating activities	6,376	3,280
	-----	-----
INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,517)	(2,632)
Purchases of intangible assets	(299)	(135)
Proceeds from sales of property and equipment	85	236
Purchases of short-term investments	(11,070)	(30,326)
Maturities of short-term investments	18,587	19,415
Other	(2,028)	45
	-----	-----
Net cash provided by (used in) investing activities	2,758	(13,397)
	-----	-----
FINANCING ACTIVITIES		
Principal payments on short-term borrowings and long-term debt	(1,652)	(3,462)
Proceeds from short-term borrowings and long-term debt	1,428	4,768
Issuance of common stock	84	32
	-----	-----
Net cash (used in) provided by financing activities	(140)	1,338
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(146)	(100)
	-----	-----
Increase (decrease) in cash and cash equivalents	8,848	(8,879)
Cash and cash equivalents at beginning of period	74,830	74,451
	-----	-----
Cash and cash equivalents at end of period	\$ 83,678	\$ 65,572
	=====	=====

See 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 30, 2002 and August 31, 2002, the results of operations for the three months ended November 30, 2002 and November 24, 2001 and cash flows for the three months ended November 30, 2002 and November 24, 2001. Certain prior year amounts have been reclassified to conform to the current period presentation.

The 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 financial statements and notes thereto included in the Company's Form 10-K for the year ended August 31, 2002. The results of operations for the three months ended November 30, 2002 and November 24, 2001 are not necessarily indicative of the results to be expected for the full year.

The Company's fiscal year is a 52- or 53-week period ending on the last Saturday of August. In fiscal 2003, the Company's interim quarters end on November 30, 2002, March 1, 2003 and May 31, 2003 and includes 52 weeks. The previous fiscal year ended on August 31, 2002 and comprised 53 weeks. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ended August 30, 2003 is referred to as "fiscal 2003".

2. Loss per share

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

	Three Months Ended	
	November 30, 2002	November 24, 2001
Basic loss per share-weighted common shares outstanding	71,165,000	69,742,000
Weighted common shares assumed upon exercise of stock options	--	--
Diluted loss per share-weighted common shares and common shares equivalent outstanding	71,165,000 =====	69,742,000 =====

The effect of the inclusion of stock options in the first quarters of fiscal 2003 and 2002 is anti-dilutive.

3. Inventories

Inventories consist of the following (in thousands):

	November 30, 2002	August 31, 2002
	-----	-----
Raw materials	\$11,734	\$13,015
Work-in process	2,001	2,163
Finished goods	23,423	23,216
Supplies	547	465
	-----	-----
Total inventories	\$37,705	\$38,859
	=====	=====

4. Comprehensive Loss

For the quarters ended November 30, 2002 and November 24, 2001 net loss, items of other comprehensive loss and comprehensive loss are as follows (in thousands):

	Quarter ended	
	November 30, 2002	November 24, 2001
	-----	-----
Net loss	\$(5,642)	\$(5,916)
Items of other comprehensive (loss) income		
Foreign currency translation	(71)	(376)
Net change in unrealized gain (loss) on marketable securities	(17)	(531)
Reclassification adjustment for impairment loss on marketable securities included in earnings	1,913	--
	-----	-----
Comprehensive loss	\$(3,817)	\$(6,823)
	=====	=====

5. Nonrecurring Charge

During the first quarter of fiscal 2003, the Company recorded a pre-tax charge of \$1.8 million related to the relocation of its Upland, California operations and certain workforce reductions. The charge included \$0.9 million in termination costs related to a workforce reduction of approximately 75 employees, \$0.4 million for estimated losses for asset impairment and \$0.5 million for future lease commitments on the Upland facility. The Company expects the Upland plant to be closed and all the equipment sold or moved to Chaska, Minnesota by the end of February 2003. As of November 30, 2002, future cash outlays of \$1.2 million remained outstanding in connection with the aforementioned charge, related to severance payments of \$0.7 million, which run through fiscal 2004, and the lease commitments, which run through fiscal 2006.

6. Impairment of investment in Metron Technology N.V.

The Company's Results of Operations included other expense of \$4.8 million in the first quarter of fiscal 2003. Included was the impairment loss of \$4.5 million, or \$3.3 million after tax, related to the write-down of the Company's equity investment in Metron Technology N.V. common stock. The Company, a founding shareholder of Metron, owns about 1.6 million shares of Metron common stock. Prior to the impairment charge, the Company's investment in Metron Technology N.V. common stock had a carrying value of \$7.6 million. At November 30, 2002, the fair value of the investment was \$3.1 million, based on a price of \$2.00 per share, the closing price of Metron at the end of the first quarter. The decline in fair value was determined to be other-than-temporary. Accordingly an impairment loss of \$4.5 million was recorded in the first quarter of fiscal 2003 and the investment in Metron common stock written down to a new carrying value of \$3.1 million.

7. Recently Issued Accounting Pronouncements

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No. 121, it retains many of the fundamental provisions of that Statement. SFAS No. 144 became effective for the Company during the first quarter of the fiscal year ending August 30, 2003. Adoption did not have an impact on the Company's results of operations or financial position.

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 protect and transport the critical materials used in key technology-driven industries. Entegris primarily derives its revenue from the sale of products to the semiconductor and data storage industries and generally recognizes sales upon the shipment of such goods to customers. Cost of sales includes polymers and purchased components, manufacturing personnel, supplies and fixed costs related to depreciation and operation of facilities and equipment. 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.

The Company's fiscal year is a 52- or 53-week period ending on the last Saturday of August. The current fiscal year will end on August 30, 2003 and includes 52 weeks. The previous fiscal year ended on August 31, 2002 and comprised 53 weeks. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ended August 30, 2003 is referred to as "fiscal 2003".

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 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, inventories, long-lived assets, warranty and sales return obligations, 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 significantly by estimates, assumptions and judgments used in the preparation of the Company's financial statements are discussed below.

Allowance for Doubtful Accounts and Other Accounts Receivable-Related Valuation Accounts

The Company maintains an allowance for doubtful accounts as well as reserves for sales returns and allowances, and warranty claims. 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. At November 30, 2002, the Company's allowance for doubtful accounts was \$1.7 million, down from \$1.8 million at August 31, 2002.

A reserve for sales returns and allowances is established based on historical trends and current trends in product returns. The Company's reserve for sales returns and allowances was \$1.2 million at both November 30, 2002 and August 31, 2002.

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 the Company's warranty policy in response to industry trends, competition or other external forces, manufacturing changes that could impact product quality, or as yet unrecognized defects in products sold. The Company's accrual for estimated future warranty costs was \$0.7 million at both November 30, 2002 and August 31, 2002.

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 loss trends, expected product lives, sales levels by product and projections of future sales demand. Inventories that are considered obsolete are written off. In addition, reserves are established for inventory quantities in excess of forecasted demand. Inventory reserves were \$7.1 million at November 30, 2002, up from \$5.8 million at August 31, 2002.

The Company's inventories comprise materials and products subject to technological obsolescence and which are sold in a highly competitive industry. If future demand or market conditions are less favorable than current analyses, additional inventory write-downs or reserves 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 discounted 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 asset are less than the asset's carrying value. The fair value of the asset then becomes the asset's new carrying value, which we depreciate over the remaining estimated useful life of the asset.

The Company assesses the impairment of 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:

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

The Company's marketable equity securities are periodically reviewed to determine if declines in fair value below cost basis are other-than-temporary, requiring an impairment loss to be recorded and the investment written down to a new cost basis. At November 30, 2002, the Company's investment in Metron Technology N.V. common stock had a carrying value of \$7.6 million with a fair value of \$3.1 million. The decline in fair value was determined to be other-than-temporary. Accordingly an impairment loss of \$4.5 million was recorded in the first quarter of fiscal 2003 and the investment in Metron common stock written down to a new carrying value of \$3.1 million.

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 has significant amounts of deferred tax assets that are reviewed for recoverability and valued accordingly. Management evaluates the realizability of the deferred tax assets 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 the Company would not be able to realize all or part of its deferred tax assets. At November 30, 2002, the Company carried a valuation allowance of \$1.4 million against its net deferred tax assets with respect to certain foreign net operating loss carryforwards. In the event it was determined that the Company would not be able to realize all or part of its remaining net deferred tax assets in the future, an adjustment to increase the deferred tax asset valuation allowance would be charged to income in the period such determination would be made.

Quarter Ended November 30, 2002 Compared to Quarter Ended November 24, 2001

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

	Three Months Ended	
	November 30, 2002	November 24, 2001
Net sales	100.0	100.0
Cost of sales	59.3	66.9
Gross profit	40.7	33.1
Selling, general and administrative expenses	35.2	38.4
Engineering, research and development expenses	7.6	8.8
Nonrecurring charges	3.4	8.7
Operating loss	(5.5)	(22.8)
Interest income, net	(0.6)	(1.0)
Other expense (income), net	8.9	(0.6)
Loss before income taxes and other items below	(13.8)	(21.2)
Income tax benefit	(3.4)	(8.1)
Equity in net loss of affiliated companies	0.1	--
Minority interest in subsidiaries' net loss	--	(0.3)
Net loss	(10.5)	(12.9)

Net sales Net sales were \$53.7 million in the first quarter of fiscal 2003, up 17% compared to \$45.9 million in the first quarter of fiscal 2002. Sequentially, sales for the quarter were 15% lower than the fourth quarter of fiscal 2002.

The semiconductor market generated 79% of the Company's overall sales compared to about 74% a year earlier, with sales up about 27% over the prior year. Most semiconductor product areas recorded sales gains, with the largest improvements experienced by the wafer shipper products, test, assembly and packaging products, and microenvironments product groups. Orders for all product groups in the semiconductor market picked-up slightly at the end of the quarter or minimally flattened. However, market conditions in the semiconductor industry remain difficult and uncertain.

Entegris's Data Storage market accounted for about 12% of net sales, compared to 16% in the first quarter of fiscal 2002. Although sales declined 16% from the year-ago quarter, Data Storage sales and orders were stronger than expected, particularly after the slowdown in the business experienced in the fourth quarter of fiscal 2002. Demand for hard disks was relatively strong, inventories in the supply chain were low, and two significant customers ordered new products for their entire production line.

Service market revenue, up 24% for the quarter compared to the year-ago quarter, made up 8% of overall sales, the same as a year ago.

On a geographic basis, total sales to North America were 43%, Asia Pacific 25%, Europe 17% and Japan 15%. Sales increased from the first quarter 2002 to the first quarter 2003 in all geographic regions, except Japan. An increasing percentage of total sales came from Asia Pacific and Europe, where sales were up 65% and 52%, respectively. The Company estimates that about 65% of total sales for the quarter were for unit-driven products and 35% for products associated with capital spending.

While the business environment continues to be uncertain, the Company expects sales for the second quarter of fiscal 2003 to be about flat with first quarter fiscal 2003 levels.

Gross profit Gross profit in the first quarter of fiscal 2003 increased by \$6.7 million to \$21.9 million, an increase of 44% from the \$15.2 million reported in the first quarter of fiscal 2002. The gross margin for the fiscal 2003 first quarter was 40.7% versus 33.1% in the year-ago first quarter. Gross margin and gross profit gains were reported by both domestic and international operations. The improvements in fiscal 2003 figures were primarily the result of the increased sales levels noted above, which resulted in higher production levels, and the benefits of the Company's cost reduction and manufacturing efficiency actions associated with facility consolidations initiated over the past 18 months, investments in automation and the creation of manufacturing centers focused on the production of products with similar requirements in order to maximize the utilization of the Company's facilities.

As discussed above, management expects sales levels for the second quarter of fiscal 2003 to be about flat with first quarter sales levels. Accordingly, factory utilization, a significant factor associated with changes in gross margin levels, is expected to remain essentially unchanged.

Selling, general and administrative expenses . Selling, general and administrative (SG&A) expenses increased \$1.3 million, or 7%, to \$18.9 million in the first quarter of fiscal 2003, up from \$17.6 million in the first quarter of fiscal 2002. The year-to-year increase was due to the higher sales commissions and bonus accruals. In addition, the first quarter of fiscal 2002 included the reversal of profit-sharing accruals made in earlier quarters when the Company generated net earnings, which were ultimately not paid. SG&A costs, as a percent of net sales, decreased to 35.2% from 38.4%. In absolute dollars, SG&A expenses will generally increase as sales and profitability improve, and profit sharing and charitable donation accruals are recorded.

Nonrecurring charges During the first quarter of fiscal 2003, the Company recorded a pre-tax charge of \$1.8 million related to the relocation of its Upland, California operations and certain workforce reductions. The charge included \$0.9 million in termination costs related to a workforce reduction of approximately 75 employees, \$0.4 million for estimated losses for asset impairment and \$0.5 million for future lease commitments on the Upland facility. The Company expects the Upland plant to be closed and all the equipment sold or moved to Chaska, Minnesota by the end of February 2003. As of November 30, 2002, future cash outlays of \$1.2 million remained outstanding in connection with the aforementioned charge, related to severance payments of \$0.7 million, which run through fiscal 2004, and the lease commitments, which run through fiscal 2006.

In the first quarter of 2002, the Company's results included a nonrecurring charge of \$4.0 million in connection with the closures of the Company's Chanhassen, Minnesota and one of its Chaska, Minnesota plants. The charge included \$1.5 million in termination costs related to a workforce reduction of 230 employees and \$2.3 million for estimated losses for asset impairment.

Engineering, research and development expenses Engineering, research and development (ER&D) expenses were \$4.1 million in the first quarter of fiscal 2003, up marginally from \$4.0 million in the first quarter of fiscal 2002. ER&D costs, as a percent of net sales, decreased to 7.6% from 8.8% mainly reflecting higher net sales in the current year's first quarter. 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 \$0.3 million in the first quarter of fiscal 2003 compared to \$0.5 million in the year-ago period. The change reflects the lower rates of interest earned on marketable securities in the current year compared to the year-ago period.

Other (income) expense, net Other expense was \$4.8 million in the first quarter of fiscal 2003 compared to other income of \$0.3 million in the first quarter of fiscal 2002. Included in fiscal 2003 was the impairment loss of \$4.5 million, or \$3.3 million after tax, related to the write-down of the Company's equity investment in Metron Technology N.V. common stock. The Company, a founding shareholder of Metron, owns about 1.6 million shares of Metron common stock. Prior to the impairment charge, the Company's investment in Metron Technology N.V. common stock had a carrying value of \$7.6 million. At November 30, 2002, the fair value of the investment was \$3.1 million, based on a price of \$2.00 per share, the closing price of Metron at the end of the first quarter. The decline in fair value was determined to be other-than-temporary. Accordingly an impairment loss of \$4.5 million was recorded in the first quarter of fiscal 2003 and the investment in Metron common stock written down to a new carrying value of \$3.1 million.

Other expense in the first quarter of fiscal 2003 also included \$0.3 million of foreign currency losses. Other income of \$0.3 million in the first quarter of fiscal 2002 mainly reflected the foreign currency gains associated with forward foreign currency contracts.

Income tax benefit expense An income tax benefit of \$1.8 million in the first quarter of fiscal 2003 compared to an income tax benefit of \$3.7 million a year earlier, both figures primarily reflecting the Company's pre-tax losses. The effective tax rate was 24.7% in the first quarter of fiscal 2003, compared to 38% in the first quarter of fiscal 2002. Excluding the tax effect from the impairment loss recorded on the Company's investment in Metron stock, the effective tax rate was 23.0%. The difference between 23% and the U.S. statutory tax rate of 35 % is primarily due to lower taxes on foreign operations, a tax benefit associated with export activities, and a tax credit associated with R&D activities. Tax calculations at fairly low profitability levels are complex and sensitive to estimates of annual levels of profitability. Therefore, it is possible that there will be volatility in the Company's effective tax rate during the remainder of the fiscal year.

Equity in net income of affiliates Equity in the net loss of affiliates was \$0.1 million in the first quarter of fiscal 2003 and represents the Company's share of losses in entities accounted for under the equity method of accounting. No equity in the net earnings of affiliates was recorded in the first quarter of fiscal 2002 as the Company did not account for any entities under the equity method of accounting during that period.

Minority interest The Company recorded no minority interest for the three months ended November 30, 2002 as all of its consolidated subsidiaries are 100%-owned. For the first quarter of fiscal 2002, the minority interest in subsidiaries' net loss was \$0.1 million, reflecting the net operating losses of the Company's formerly 51%-owned Japanese subsidiaries, which became 100%-owned in February 2002.

Net loss The Company recorded a net loss of \$5.6 million, or \$0.08 per diluted share, in the first quarter of fiscal 2003, compared to a net loss of \$5.9 million, or \$0.08 per diluted share, in the year-ago period.

Liquidity and Capital Resources

Operating activities Cash flow provided by operating activities totaled \$6.4 million in the first quarter of fiscal 2003. The Company's net loss of \$5.6 million was more than offset by noncash charges, including depreciation and amortization of \$6.8 million and the impairment loss of \$4.5 million on the Company's investment in Metron Technology, as well as slight reductions in accounts receivable and inventory. Working capital at November 30, 2002 stood at \$175.8 million, including \$120.8 million in cash, cash equivalents and short-term investments.

Investing activities. Cash flow provided by investing activities totaled \$2.8 million in the first quarter of fiscal 2003. The company had maturities, net of purchases of short-term investments of \$7.5 million during the quarter. Short-term investments stood at \$37.1 million at November 30, 2002.

Acquisition of property and equipment totaled \$2.5 million, primarily for additions of manufacturing, computer and laboratory equipment. The Company expects capital expenditures of approximately \$25 million during fiscal 2003, consisting mainly of spending on manufacturing equipment, tooling and information systems. The Company also invested \$1.8 million in equipment expected to be contributed to a joint venture in exchange for an equity interest in the entity.

Financing activities Cash used by financing activities totaled \$0.1 million during the first quarter of fiscal 2003. The company made payments \$1.7 million on borrowings, while proceeds from short-term borrowings were \$1.4 million. The Company received \$0.1 million in connection with common shares issued under the Company's stock option plan.

As of November 30, 2002, the Company's sources of available funds comprised \$120.8 million in cash, cash equivalents, short-term investments plus various credit facilities. Entegris has unsecured revolving commitments with two commercial banks with aggregate borrowing capacity of \$20 million, with no borrowings outstanding at November 30, 2002 and lines of credit with seven international banks that provide for borrowings of currencies for the Company's overseas subsidiaries, equivalent to an aggregate of approximately \$13 million. Borrowings outstanding on these lines of credit were approximately \$10.5 million at November 30, 2002.

At November 30, 2002, the Company's shareholders' equity stood at \$318.4 million. Book value per share was \$4.47, down from \$4.53 per share at the end of fiscal 2002. The Company's net loss for the three months ended November 30, 2002 accounted for the decrease.

The Company believes that its cash and cash equivalents, 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 additional funding, and from time to time the Company may need 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.

Recently Issued Accounting Pronouncements

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities," which addresses accounting for restructuring and similar costs. SFAS No. 146 supercedes previous accounting guidance and is required for restructuring activities initiated after December 31, 2002. SFAS No. 146 requires the recognition of the liability for costs associated with exit or disposal activities as incurred, whereas previous accounting guidance required that a liability be recorded when the Company committed to an exit plan. Accordingly, the accounting treatment of any exit or disposal activities initiated by the Company after December 31, 2002 may differ from the treatment used by the Company for previous exit or disposal activities, particularly as relates to the timing and disclosure of certain costs associated with the exit or disposal activities.

Cautionary Statements This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These 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 31, 2002. Among these risks and uncertainties are general economic conditions, the volatile and cyclical nature of the semiconductor industry, the risks associated with political and global market instability, including the possibility of war, the ability of the Company to develop and protect its intellectual property, the risks associated with the acceptance of new products and services and the successful integration of acquisitions. Other factors could also cause the Company's results to differ materially from those contained in its forward-looking statements.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Entegris's principal market risks are sensitivities to interest rates and foreign currency exchange rates. The Company's current exposure to interest rate fluctuations is not significant. Most of its outstanding debt at August 31, 2002 carried fixed rates of interest. The Company's cash equivalents and short-term investments are debt instruments with maturities of 12 months or less. A 10% change in interest rates would potentially increase or decrease net income by approximately \$1.0 million annually.

The Company uses derivative financial instruments to manage foreign currency exchange rate risk associated with the sale of products in currencies other than the U.S. dollar. At November 30, 2002, the company was party to forward contracts with notional value of approximately \$0.8 million. The cash flows and earnings of foreign-based operations are also subject to fluctuations in foreign exchange rates. A hypothetical 10% change in the foreign currency exchange rates would potentially increase or decrease net income by approximately \$1 million.

The Company's investment in Metron common stock is accounted for as an available-for-sale security. The company is exposed to fluctuations in the price of Metron stock. A 25% adverse change in Metron's per share price would result in an approximate \$0.8 million decrease in the fair value of the Company's investment as of November 30, 2002.

Item 4: Controls and Procedures

The Company's principal executive officer and principal financial officer have evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-14(c) of the Securities Exchange Act of 1934, as amended, within 90 days of the filing date of this Quarterly Report on Form 10-Q. Based upon their evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, since the date the controls were evaluated.

PART II

OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- 99.1 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.
- 99.2 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.
- 99.3 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 99.4 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

None

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.

Date: January 14, 2003

/s/ James E. Dauwalter

James E. Dauwalter

President and Chief Executive Officer

Date: January 14, 2003

/s/ John D. Villas

John D. Villas

Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Entegris, Inc, a Minnesota corporation (the "Company"), on Form 10-Q for the quarter ending November 30, 2002 as filed with the Securities and Exchange Commission (the "Report"), I, James E. Dauwalter, President and Chief Executive Officer of the Company, certify, pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. ss. 1350), that to my knowledge:

(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 result of operations of the Company.

/s/ James E. Dauwalter

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James E. Dauwalter
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Entegris, Inc, a Minnesota corporation (the "Company"), on Form 10-Q for the quarter ending November 30, 2002 as filed with the Securities and Exchange Commission (the "Report"), I, John D. Villas, Chief Financial Officer of the Company, certify, pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. ss. 1350), that to my knowledge:

(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 result of operations of the Company.

/s/ John D. Villas

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John D. Villas
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, James E. Dauwalter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Entegris, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 14, 2003

/s/ James E. Dauwalter

James E. Dauwalter
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

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 quarterly 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 quarterly 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-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 14, 2003

/s/ John D. Villas

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