UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 2, 2016

OR

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

For the transition period from __________ to __________

Commission file number: 001-32598

Entegris, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**41-1941551**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
129 Concord Road, Billerica, Massachusetts	**01821**
(Address of principal executive offices)	**(Zip Code)**

(978) 436-6500
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

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

Class	Outstanding at July 25, 2016
Common Stock, $0.01 par value per share	**141,209,778 shares**

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FORM 10-Q
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FOR THE QUARTER ENDED JULY 2, 2016

Cautionary Statements

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve substantial risks and uncertainties and reflect the Company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should," "may," "will" and "would" and similar expressions are intended to identify these "forward-looking statements." You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or of financial position or state other "forward-looking" information. All forecasts and projections in this report 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. The risks which could cause actual results to differ from those contained in such "forward looking statements" include, without limit, the risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 under the headings "Risks Relating to our Business and Industry", "Risks Related to Our Indebtedness", "Manufacturing Risks", "International Risks", and "Risks Related to Owning Our Common Stock" as well as in the Company's quarterly reports on Form 10-Q and current reports on Form 8-K as filed with the Securities and Exchange Commission.

Any forward-looking statements in this Quarterly Report on Form 10-Q are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements, possibly materially. We disclaim any duty to update any forward-looking statements.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share data)	July 2, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 373,743	$ 349,825
Short-term investments	—	2,181
Trade accounts and notes receivable, net of allowance for doubtful accounts of $2,282 and $1,318	180,596	141,409
Inventories	181,086	173,176
Deferred tax charges and refundable income taxes	18,971	18,943
Other current assets	17,777	23,253
Total current assets	772,173	708,787
Property, plant and equipment, net of accumulated depreciation of $368,470 and $341,840	322,720	321,301
Other assets:		
Goodwill	343,261	342,111
Intangible assets, net of accumulated amortization of $216,071 and $193,884	240,688	258,942
Deferred tax assets and other noncurrent tax assets	8,848	7,771
Other	7,792	7,785
Total assets	$ 1,695,482	$ 1,646,697
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt, current maturities	$ 50,000	$ 50,000
Accounts payable	49,637	36,916
Accrued payroll and related benefits	34,846	41,891
Other accrued liabilities	39,118	33,968
Income taxes payable	13,538	12,775
Total current liabilities	187,139	175,550
Long-term debt, excluding current maturities, net of unamortized discount and debt issuance costs of $11,615 and $12,807	582,235	606,044
Pension benefit obligations and other liabilities	27,641	24,608
Deferred tax liabilities and other noncurrent tax liabilities	37,237	37,612
Commitments and contingent liabilities	—	—
Equity:		
Preferred stock, par value $.01; 5,000,000 shares authorized; none issued and outstanding as of July 2, 2016 and December 31, 2015	—	—
Common stock, par value $.01; 400,000,000 shares authorized; issued and outstanding shares as of July 2, 2016 and December 31, 2015: 141,171,882 and 140,716,420	1,412	1,407
Additional paid-in capital	853,526	848,667
Retained earnings (accumulated loss)	46,883	(416)
Accumulated other comprehensive loss	(40,591)	(46,775)
Total equity	861,230	802,883
Total liabilities and equity	$ 1,695,482	$ 1,646,697

See the accompanying notes to condensed consolidated financial statements.

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

	Three months ended		Six months ended	
(In thousands, except per share data)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net sales	$ 303,052	$ 280,709	$ 570,076	$ 544,082
Cost of sales	163,847	152,622	316,165	299,459
Gross profit	139,205	128,087	253,911	244,623
Selling, general and administrative expenses	53,597	50,270	101,553	101,160
Engineering, research and development expenses	28,146	26,542	54,048	52,342
Amortization of intangible assets	11,062	11,928	22,351	24,235
Operating income	46,400	39,347	75,959	66,886
Interest expense	9,092	9,752	18,310	19,593
Interest income	(41)	(37)	(110)	(250)
Other income, net	(1,054)	(1,109)	(1,729)	(2,842)
Income before income tax expense and equity in net loss of affiliates	38,403	30,741	59,488	50,385
Income tax expense	5,513	6,245	10,386	10,915
Equity in net loss of affiliates	—	48	—	150
Net income	$ 32,890	$ 24,448	$ 49,102	$ 39,320
Basic net income per common share	$ 0.23	$ 0.17	$ 0.35	$ 0.28
Diluted net income per common share	$ 0.23	$ 0.17	$ 0.35	$ 0.28
Weighted shares outstanding:				
Basic	140,953	140,307	140,867	140,146
Diluted	141,723	140,993	141,547	140,866

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended		Six months ended	
(In thousands)	**July 2, 2016**	**June 27, 2015**	**July 2, 2016**	**June 27, 2015**
Net income	$ 32,890	$ 24,448	$ 49,102	$ 39,320
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	1,164	(5,279)	6,763	(14,954)
Available-for-sale securities, unrealized (loss) gain	(384)	684	(611)	684
Pension liability adjustments	16	—	32	17
Other comprehensive income (loss)	796	(4,595)	6,184	(14,253)
Comprehensive income	$ 33,686	$ 19,853	$ 55,286	$ 25,067

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Six months ended July 2, 2016	Six months ended June 27, 2015
Operating activities:		
Net income	$ 49,102	$ 39,320
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	27,525	26,724
Amortization	22,351	24,235
Share-based compensation expense	6,366	5,145
Provision for deferred income taxes	(931)	3,035
Other	9,204	(8,136)
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(36,099)	(28,594)
Inventories	(11,389)	(28,500)
Accounts payable and accrued liabilities	13,555	(9,126)
Other current assets	5,693	4,449
Income taxes payable and refundable income taxes	407	(364)
Other	(7,246)	7,926
Net cash provided by operating activities	78,538	36,114
Investing activities:		
Acquisition of property, plant and equipment	(32,144)	(34,230)
Proceeds from sale and maturities of short-term investments	1,726	1,607
Other	(3,384)	318
Net cash used in investing activities	(33,802)	(32,305)
Financing activities:		
Payments of long-term debt	(25,000)	(75,000)
Issuance of common stock	2,380	974
Repurchase and retirement of common stock	(3,573)	—
Taxes paid related to net share settlement of equity awards	(2,203)	(2,403)
Other	91	352
Net cash used in financing activities	(28,305)	(76,077)
Effect of exchange rate changes on cash and cash equivalents	7,487	(3,689)
Increase (decrease) in cash and cash equivalents	23,918	(75,957)
Cash and cash equivalents at beginning of period	349,825	389,699
Cash and cash equivalents at end of period	$ 373,743	$ 313,742

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations Entegris, Inc. (Entegris or the Company) is a leader in specialty chemicals and advanced materials solutions for the microelectronics industry and other high-technology industries.

Principles of Consolidation The condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Intercompany profits, transactions and balances have been eliminated in consolidation.

Use of Estimates The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, particularly receivables, inventories, property, plant and equipment, goodwill, intangibles, accrued expenses, and income taxes and related accounts, and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and contain all adjustments considered necessary, and are of a normal recurring nature, to present fairly the financial position as of July 2, 2016 and December 31, 2015, the results of operations and comprehensive income for the three and six months ended July 2, 2016 and June 27, 2015, and cash flows for the six months ended July 2, 2016 and June 27, 2015.

The condensed 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 December 31, 2015. The results of operations for the three and six months ended July 2, 2016 are not necessarily indicative of the results to be expected for the full year.

Fair Value of Financial Instruments The carrying value of cash equivalents, accounts receivable, accounts payable, accrued payroll and related benefits, and other accrued liabilities approximates fair value due to the short maturity of those items. The fair value of long-term debt, including current maturities, was $639.1 million at July 2, 2016 compared to the carrying amount of long-term debt, including current maturities, of $632.2 million.

Recent Accounting Pronouncements In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU No. 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. ASU No. 2014-09 is effective beginning January 1, 2018. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and disclosures. The Company has not yet selected a transition approach.

On April 7, 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* which requires an entity to present debt issuance costs as a direct deduction from the carrying amount of the related debt liability on the balance sheet. The update represents a change in accounting principle and required retrospective application. The update became effective January 1, 2016. Based on the balances as of December 31, 2015, the Company reclassified $11.2 million of unamortized debt issuance costs from other current assets and other noncurrent assets to long-term debt per the adoption of ASU No. 2015-03.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, for lease arrangements exceeding a twelve-month term, these arrangements must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU No. 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases, and amortization and interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU No. 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU No. 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. The Company is currently assessing the impact that adopting this new accounting standard will have on its consolidated financial statements and disclosures, and the timing of adoption.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718).* ASU No. 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The Company is currently assessing the impact that adopting this accounting standard will have on its consolidated financial statements and disclosures, and the timing of adoption.

2. INVENTORIES

Inventories consist of the following:

(In thousands)	July 2, 2016	December 31, 2015
Raw materials	$ 51,186	$ 51,063
Work-in process	17,510	11,644
Finished goods	112,390	110,469
Total inventories	$ 181,086	$ 173,176

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill activity for each period was as follows:

(In thousands)	CMH	EM	Total
December 31, 2015	$ 47,411	$ 294,700	$ 342,111
Foreign currency translation	—	1,150	1,150
July 2, 2016	$ 47,411	$ 295,850	$ 343,261

Identifiable intangible assets at July 2, 2016 and December 31, 2015 consist of the following:

	July 2, 2016		
(In thousands)	Gross carrying Amount	Accumulated amortization	Net carrying value
Developed technology	$ 200,601	$ 114,419	$ 86,182
Trademarks and trade names	17,101	11,913	5,188
Customer relationships	218,840	82,121	136,719
Other	20,217	7,618	12,599
	$ 456,759	$ 216,071	$ 240,688

(In thousands)	December 31, 2015 Gross carrying amount	Accumulated amortization	Net carrying value
Developed technology	$ 200,692	$ 102,883	$ 97,809
Trademarks and trade names	17,085	10,905	6,180
Customer relationships	218,283	72,948	145,335
Other	16,766	7,148	9,618
	$ 452,826	$ 193,884	$ 258,942

Future amortization expense for each of the five succeeding years and thereafter relating to intangible assets currently recorded in the Company's consolidated balance sheets is estimated to be the following at July 2, 2016:

Fiscal year ending December 31	(In thousands)
2016	$ 22,234
2017	43,897
2018	40,869
2019	38,630
2020	28,813
Thereafter	66,245
	$ 240,688

4. EARNINGS PER COMMON SHARE

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

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Basic—weighted common shares outstanding	140,953	140,307	140,867	140,146
Weighted common shares assumed upon exercise of stock options and vesting of restricted common stock	770	686	680	720
Diluted—weighted common shares and common shares equivalent outstanding	141,723	140,993	141,547	140,866

The Company excluded the following shares underlying stock-based awards from the calculations of diluted EPS because their inclusion would have been anti-dilutive for the three and six months ended July 2, 2016 and June 27, 2015:

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Shares excluded from calculations of diluted EPS	964	1,005	1,391	945

5. FAIR VALUE

Financial Assets Measured at Fair Value on a Recurring Basis

The following table presents the Company’s financial assets that are measured at fair value on a recurring basis at July 2, 2016 and December 31, 2015. Level 1 inputs are based on quoted prices in active markets accessible at the reporting date for identical assets and liabilities. Level 2 inputs are based on quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques for which all significant assumptions are observable in a market. Level 3 inputs are based on prices or valuations that require inputs that are significant to the valuation and are unobservable.

	July 2, 2016				December 31, 2015			
(In thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Short-term investments								
Common stock	$ —	$ —	$ —	$ —	$ 2,181	$ —	$ —	$ 2,181
Other current assets								
Foreign currency contracts[a]	$ —	$ —	$ —	$ —	$ —	$ 2,463	$ —	$ 2,463
Total assets measured and recorded at fair value	$ —	$ —	$ —	$ —	$ 2,181	$ 2,463	$ —	$ 4,644
Liabilities:								
Other accrued liabilities								
Foreign currency contracts[a]	$ —	$ 3,515	$ —	$ 3,515	$ —	$ —	$ —	$ —
Total liabilities measured and recorded at fair value	$ —	$ 3,515	$ —	$ 3,515	$ —	$ —	$ —	$ —

(a) Based on observable market transactions of spot currency rates and forward currency rates on equivalently-termed instruments.

A reconciliation of the net fair value of foreign currency contract assets and liabilities subject to master netting arrangements that are recorded in the July 2, 2016 and December 31, 2015 condensed consolidated balance sheets to the net fair value that could have been reported in the respective condensed consolidated balance sheets is as follows:

	July 2, 2016			December 31, 2015		
(In thousands)	Gross amounts of recognized liabilities	Gross amounts offset in the condensed consolidated balance sheet	Net amount of liabilities in the condensed consolidated balance sheet	Gross amounts of recognized assets	Gross amounts offset in the condensed consolidated balance sheet	Net amount of assets in the condensed consolidated balance sheet
Foreign currency contracts	$ 3,515	$ —	$ 3,515	$ 2,958	$ 495	$ 2,463

Losses associated with derivatives are recorded in other income, net, in the condensed consolidated statements of operations. Losses associated with derivative instruments not designated as hedging instruments were as follows:

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
(Losses) gains on foreign currency contracts	$ (3,515)	$ 391	$ (6,165)	$ (2,322)

In the first quarter of 2015, the Company recorded an other-than-temporary impairment loss of $0.5 million related to an available-for-sale common stock investment classified in short-term investments in its condensed consolidated balance sheet. The Company determined that it was an other-than-temporary impairment due to the significant decline in the fair value compared to the investment's carrying value for an extended period of time and the financial condition of the issuer.

6. SEGMENT REPORTING

The Company reports its financial performance based on two reportable segments: Critical Materials Handling (CMH) and Electronic Materials (EM). The manager of CMH and EM is accountable for results at the segment profit level and reports directly to the Company’s Chief Executive Officer, who is responsible for evaluating companywide performance and resource allocation decisions between the product groups. The Company's two reportable segments are business divisions that provide unique products and services.

- CMH provides a broad range of products that filter, handle, dispense, and protect critical materials used in the semiconductor manufacturing process and in other high-technology manufacturing. CMH’s products and subsystems include high-purity materials packaging, fluid handling and dispensing systems and liquid filters as well as microenvironment products that protect critical substrates such as wafers during shipping and manufacturing. CMH also provides specialized graphite components and specialty coatings for high-temperature applications.

- EM provides high-performance materials, materials packaging and materials delivery systems that enable high yield, cost effective semiconductor manufacturing. EM's products consist of specialized chemistries and performance materials, gas microcontamination control systems and components, and sub-atmospheric pressure gas delivery systems for the safe and efficient handling of hazardous gases to semiconductor process equipment.

Inter-segment sales are not significant. Segment profit is defined as net sales less direct segment operating expenses, excluding certain unallocated expenses, consisting mainly of general and administrative costs for the Company's human resources, finance and information technology functions as well as interest expense, and amortization of intangible assets.

Summarized financial information for the Company's reportable segments is shown in the following tables.

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net sales				
CMH	$ 194,880	$ 174,253	$ 361,109	$ 341,721
EM	108,172	106,456	208,967	202,361
Total net sales	$ 303,052	$ 280,709	$ 570,076	$ 544,082

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Segment profit				
CMH	$ 52,524	$ 43,732	$ 90,416	$ 85,073
EM	27,475	28,559	49,050	48,781
Total segment profit	$ 79,999	$ 72,291	$ 139,466	$ 133,854

The following table reconciles total segment profit to income before income taxes and equity in net loss of affiliates:

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Total segment profit	$ 79,999	$ 72,291	$ 139,466	$ 133,854
Less:				
Amortization of intangible assets	11,062	11,928	22,351	24,235
Unallocated general and administrative expenses	22,537	21,016	41,156	42,733
Operating income	46,400	39,347	75,959	66,886
Interest expense	9,092	9,752	18,310	19,593
Interest income	(41)	(37)	(110)	(250)
Other income, net	(1,054)	(1,109)	(1,729)	(2,842)
Income before income tax expense and equity in net loss of affiliates	$ 38,403	$ 30,741	$ 59,488	$ 50,385

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

Risk Factors and Forward-Looking Statements

The following discussion and analysis of the Company’s condensed consolidated financial condition and results of operations should be read along with the condensed consolidated financial statements and the accompanying notes to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. The information, except for historical information, contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q includes forward-looking statements that involve risks and uncertainties. These forward-looking statements could differ materially from actual results. You should review the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. 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.

Overview

This overview is not a complete discussion of the Company’s financial condition, changes in financial condition and results of operations; it is intended merely to facilitate an understanding of the most salient aspects of the Company's financial condition and operating performance and to provide a context for the detailed discussion and analysis that follows and must be read in its entirety in order to fully understand the Company’s financial condition and results of operations.

Entegris is a leader in specialty chemicals and advanced materials solutions for the microelectronics industry. and other high-technology industries. Our products and materials are used to manufacture semiconductors, micro-electromechanical systems, flat panel displays, light emitting diodes or “LEDs”, high-purity chemicals, such as photoresists, solar cells, gas lasers, optical and magnetic storage devices, and critical components for aerospace, glass manufacturing and biomedical applications. We sell our products worldwide through a direct sales force and through selected distributors.

We offer a diverse product portfolio that includes approximately 20,000 standard and customized products which include both unit-driven and capital-expense-driven products. Unit-driven products now comprise approximately 80% of our combined sales, with the balance being capital-expense-driven products. Our unit-driven products are consumed or exhausted during the customer’s manufacturing process and rely on the level of semiconductor and other manufacturing activity to drive growth. Our unit-driven product class includes membrane-based liquid filters, resin-based gas purifiers, wafer shippers, disk-shipping containers and test assembly and packaging products, implant gas storage and delivery systems, copper electroplating materials, advanced precursor materials for thin film deposition and photoresist strip and post chemical mechanical planarization, or CMP, cleaning materials and consumable graphite and silicon carbide components. Capital-expense-driven products, which generally have a lifetime of 18 months or more, rely on the expansion of manufacturing capacity to drive growth and include our fluid management components, systems and subsystems that transfer, monitor, and control process liquids used in the semiconductor manufacturing processes, gas filtration and purification components, systems and subsystems that remove contaminants at equipment and factory level for manufacturing, our process carriers that protect the integrity of in-process wafers and graphite, silicon carbide and specialty coated components for manufacturing equipment.

The Company’s fiscal year is the calendar period ending each December 31. The Company’s fiscal quarters consist of 13-week or 14-week periods that end on Saturday. The Company’s fiscal quarters in 2016 end April 2, 2016, July 2, 2016, October 1, 2016 and December 31, 2016. Unaudited information for the three and six months ended July 2, 2016 and June 27, 2015 and the financial position as of July 2, 2016 and December 31, 2015 are included in this Quarterly Report on Form 10-Q.

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

- ***Level of sales*** Since a significant portion of the Company’s product costs (except for raw materials, purchased components and direct labor) are largely fixed in the short-to-medium term, an increase or decrease in sales affects gross profits and overall profitability significantly. Also, increases or decreases in sales and operating profitability affect certain costs such as incentive compensation and commissions, which are highly variable in nature. The Company’s sales are subject to the effects of industry cyclicality, technological change, substantial competition, pricing pressures and foreign currency fluctuation.

- ***Variable margin on sales*** The Company’s variable margin on sales is determined by selling prices and the costs of manufacturing and raw materials. This is affected by a number of factors, which include the Company’s sales mix, purchase prices of raw material (especially polymers, membranes, stainless steel and purchased components), competition, both domestic and international, direct labor costs, and the efficiency of the Company's production operations, among others.

- ***Fixed cost structure***. The Company's operations include a number of large fixed or semi-fixed cost components, which include salaries, indirect labor and benefits, facility costs, lease expense, and depreciation and amortization. It is not possible to vary these costs easily in the short-term as volumes fluctuate. Accordingly, increases or decreases in sales volume can have a large effect on the usage and productivity of these cost components, resulting in a large impact on the Company's profitability.

Overall Summary of Financial Results

For the three months ended July 2, 2016, net sales increased 8% to $303.1 million, compared to $280.7 million for the three months ended June 27, 2015. The Company's sales increase reflects improved demand from the Company's semiconductor industry customers compared to the year-ago period. Favorable foreign currency translation effects were $3.3 million for the quarter. Exclusive of that factor, the Company's sales increased 7%.

Due to the net sales increase, the Company's gross profit for the three months ended July 2, 2016 rose to $139.2 million, up from $128.1 million for the three months ended June 27, 2015. The Company experienced a 45.9% gross margin rate for the three months ended July 2, 2016 compared to 45.6% in the comparable year-ago period. The gross profit and gross margin improvements in 2016 were primarily associated with increased sales and improved factory utilization, offset partly by a slightly unfavorable sales mix.

The Company's selling, general and administrative (SG&A) expenses increased by $3.3 million for the three months ended July 2, 2016 compared to the year-ago quarter. The increase reflects higher professional fees and employee costs offset by the absence of integration costs incurred in 2015 related to the April 30, 2014 acquisition of ATMI, Inc. (ATMI).

The Company incurred interest expense of $9.1 million for the quarter ended July 2, 2016 compared to $9.8 million in the three-month period ended June 27, 2015. The decrease reflects a year-over-year reduction in outstanding borrowings as a result of our debt repayments.

As a result of the aforementioned factors, the Company reported net income of $32.9 million, or $0.23 per diluted share, for the quarter ended July 2, 2016 compared to net income of $24.4 million, or $0.17 per diluted share, a year ago.

Sales were up 13% on a sequential basis over the first quarter of 2016. Exclusive of the favorable foreign currency translation effects of $3.2 million, the Company's sales increased 12%. Sequentially, overall demand from the Company's semiconductor industry customers improved, reflecting higher industry fab utilization rates and higher industry capital spending.

During the six-month period ended July 2, 2016, the Company's operating activities provided cash flow of $78.5 million. Cash used for capital expenditures was $32.1 million. Cash and cash equivalents were $373.7 million at July 2, 2016 compared with cash and cash equivalents of $349.8 million at December 31, 2015. The Company had outstanding long-term debt of $632.2 million at July 2, 2016, compared to $656.0 million at December 31, 2015.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed 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. 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 condensed consolidated financial statements are described in Item 7 of its Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission. On an ongoing basis, the Company evaluates the critical accounting policies used to prepare its condensed consolidated financial statements, including, but not limited to, those related to inventory valuation, impairment of long-lived assets, goodwill, income taxes and business acquisitions. There have been no material changes in these aforementioned critical accounting policies.

Three and Six Months Ended July 2, 2016 Compared to Three and Six Months Ended June 27, 2015 and Three Months Ended April 2, 2016

The following table compares operating results for the three and six months ended July 2, 2016 with results for the three and six months ended June 27, 2015 and the three months ended April 2, 2016, both in dollars and as a percentage of net sales, for each caption.

	Three months ended						Six months ended			
(Dollars in thousands)	July 2, 2016		June 27, 2015		April 2, 2016		July 2, 2016		June 27, 2015	
Net sales	$ 303,052	100.0 %	$ 280,709	100.0 %	$ 267,024	100.0 %	$ 570,076	100.0 %	$ 544,082	100.0 %
Cost of sales	163,847	54.1	152,622	54.4	152,318	57.0	316,165	55.5	299,459	55.0
Gross profit	139,205	45.9	128,087	45.6	114,706	43.0	253,911	44.5	244,623	45.0
Selling, general and administrative expenses	53,597	17.7	50,270	17.9	47,956	18.0	101,553	17.8	101,160	18.6
Engineering, research and development expenses	28,146	9.3	26,542	9.5	25,902	9.7	54,048	9.5	52,342	9.6
Amortization of intangible assets	11,062	3.7	11,928	4.2	11,289	4.2	22,351	3.9	24,235	4.5
Operating income	46,400	15.3	39,347	14.0	29,559	11.1	75,959	13.3	66,886	12.3
Interest expense	9,092	3.0	9,752	3.5	9,218	3.5	18,310	3.2	19,593	3.6
Interest income	(41)	—	(37)	—	(69)	—	(110)	—	(250)	—
Other income, net	(1,054)	(0.3)	(1,109)	(0.4)	(675)	(0.3)	(1,729)	(0.3)	(2,842)	(0.5)
Income before income taxes and equity in loss of affiliates	38,403	12.7	30,741	11.0	21,085	7.9	59,488	10.4	50,385	9.3
Income tax expense (benefit)	5,513	1.8	6,245	2.2	4,873	1.8	10,386	1.8	10,915	2.0
Equity in net loss of affiliates	—	—	48	—	—	—	—	—	150	—
Net income	$ 32,890	10.9 %	$ 24,448	8.7 %	$ 16,212	6.1 %	$ 49,102	8.6 %	$ 39,320	7.2 %

Net sales For the three months ended July 2, 2016, net sales increased by 8% to $303.1 million, compared to $280.7 million for the three months ended June 27, 2015. An analysis of the factors underlying the increase in net sales is presented in the following table:

(In thousands)	
Net sales in the quarter ended June 27, 2015	$ 280,709
Growth associated with volume and pricing	19,032
Increase associated with effect of foreign currency translation	3,311
Net sales in the quarter ended July 2, 2016	$ 303,052

The Company's sales increase was due to improved demand from the Company's semiconductor industry customers, reflecting higher industry fab utilization rates and higher industry capital spending compared to the year-ago period. Increased sales of 300mm transport module, container, liquid filtration and advanced deposition material products were partly offset by a decrease in sales of certain specialty materials products. Favorable foreign currency translation effects were $3.3 million for the quarter, mainly due to the strengthening of the Japanese yen relative to the U.S. dollar. Exclusive of that factor, the Company's sales increased 7%.

On a geographic basis, total sales in the second quarter of 2016 to Asia (excluding Japan) were 55%, North America 22%, Japan 14% and Europe 9% compared to prior year second quarter sales to Asia (excluding Japan) of 54%, North America 25%, Japan 12% and Europe 9%. Sales increased by 25%, 2% and 11% in Japan, Europe and Asia, respectively, in the second quarter of 2016 compared to the prior year's second quarter. About one-third of the improvement in Japan was due to favorable foreign currency translation effects related to the year-over-year strengthening of the Japanese yen. Sales in North America fell 4%.

Net sales for the six months ended July 2, 2016 were $570.1 million, up 5% from $544.1 million in the comparable year-ago period. An analysis of the factors underlying the increase in net sales is present in the following table:

(In thousands)		
Net sales in the six months ended June 27, 2015	$	544,082
Growth associated with volume and pricing		23,530
Increase associated with effect of foreign currency translation		2,464
Net sales in the six months ended July 2, 2016	$	570,076

The Company's sales increase was due to improved demand from the Company's semiconductor industry customers and primarily reflects increased sales of 300mm transport module, container, liquid filtration and advanced deposition material products, offset partly by a decrease in sales of certain specialty materials products. Favorable foreign currency translation effects were $2.5 million for the six months ended July 2, 2016, also mainly due the Japanese yen. Exclusive of that factor, the Company's sales increased 4%.

Sales were up 13% on a sequential basis over the first quarter of 2016. Exclusive of a favorable foreign currency translation effect, the Company sales increased 12%. The increase in revenue was broad-based with growth in the sale of 300mm transport module, container, liquid filtration and advanced deposition material products.

Gross profit Due mainly to the sales increase, the Company's gross profit rose 9% for the three months ended July 2, 2016 to $139.2 million, compared to $128.1 million for the three months ended June 27, 2015. The Company experienced a 45.9% gross margin rate for the three months ended July 2, 2016 compared to 45.6% in the comparable year-ago period. The gross profit and gross margin gains in 2016 were primarily associated with the Company's higher net sales and improved factory utilization.

For the six months ended July 2, 2016, the Company's gross profit rose 4% to $253.9 million, compared to $244.6 million for the six months ended June 27, 2015. The Company experienced a 44.5% gross margin rate for the six months ended July 2, 2016 compared to 45.0% in the comparable year-ago period. The gross profit improvement was mainly due to the Company's higher net sales. The gross margin shortfall was primarily associated with a slightly unfavorable sales mix and and an increase in qualification and start-up costs at the Company's i2M Center.

Selling, general and administrative expenses Selling, general and administrative (SG&A) expenses were $53.6 million for the three months ended July 2, 2016, up $3.3 million, or 7%, from the comparable three-month period a year earlier. An analysis of the factors underlying the increase in SG&A is presented in the following table:

(In thousands)		
Selling, general and administrative expenses in the quarter ended June 27, 2015	$	50,270
Integration costs recorded in prior year		(2,396)
Professional fees		1,892
Employee costs		3,621
Other increases, net		210
Selling, general and administrative expenses in the quarter ended July 2, 2016	$	53,597

SG&A expenses of $101.6 million in the first six months of 2016 were essentially flat compared to SG&A expenses of $101.2 million in the year-ago period. An analysis of the factors underlying changes in SG&A is presented in the following table:

(In thousands)		
Selling, general and administrative expenses in the six months ended June 27, 2015	$	101,160
Integration costs recorded in prior year		(5,008)
Professional fees		1,970
Employee costs		3,170
Other increases, net		261
Selling, general and administrative expenses in the six months ended July 2, 2016	$	101,553

Engineering, research and development expenses The Company’s engineering, research and development (ER&D) efforts focus on the support or extension of current product lines, and the development of new products and manufacturing technologies. ER&D expenses were $28.1 million in the three months ended July 2, 2016 compared to $26.5 million in the year-ago period, a $1.6 million increase. The increase for the quarter was mainly due to higher project expenses and slightly increased employee costs.

ER&D expenses increased 3% to $54.0 million in the first six months of 2016 compared to $52.3 million in the year ago period, primarily due to higher project expenses and employee costs.

Interest expense Interest expense includes interest associated with debt outstanding issued to help fund the 2014 acquisition of ATMI and the amortization of debt issuance costs associated with such borrowings. Interest expense was $9.1 million in the three months ended July 2, 2016 compared to $9.8 million in the three-month period ended June 27, 2015. The decrease reflects lower outstanding borrowings due to the Company's payments on its senior secured term loan in 2015.

Interest expense was $18.3 million in the six-month period ended July 2, 2016 compared to $19.6 million in the six-month period ended June 27, 2015. The decrease reflects lower outstanding borrowings due to the Company's payments on its senior secured term loan in 2015.

Other income, net Other income, net was $1.1 million and $1.7 million in the three and six months ended July 2, 2016, respectively, and consisted mainly of foreign currency transaction gains.

Other income, net was $1.1 million and $2.8 million in the three and six months ended June 27, 2015, respectively. Other income, net included foreign currency transaction gains of $1.0 million and $3.4 million for the three-month and six-month periods, respectively. Partly offsetting the six-month figure was a $0.6 million loss related to the impairment and sale of an equity investment.

Income tax expense The Company recorded income tax expense of $5.5 million and $10.4 million, respectively, in the three and six months ended July 2, 2016 compared to income tax expense of $6.2 million and $10.9 million, respectively in the three and six months ended June 27, 2015. The Company’s year-to-date effective tax rate was 17.5% in 2016, compared to 21.7% in 2015. The tax rate in both years reflect the benefit of foreign source income being taxed at lower rates than the U.S. statutory rate. Year-to-date income tax expense in 2016 also includes a discrete benefit of $1.1 million recorded in the second quarter related to the consolidation of certain of the Company's Taiwan entities.

Net income Due to the factors noted above, the Company recorded net income of $32.9 million, or $0.23 per diluted share, in the three-month period ended July 2, 2016 compared to net income of $24.4 million, or $0.17 per diluted share, in the three-month period ended June 27, 2015. In the six-month period ended July 2, 2016, the Company recorded net income of $49.1 million, or $0.35 per diluted share, compared to net income of $39.3 million, or $0.28 per diluted share, in the six-month period ended June 27, 2015.

Non-GAAP Measures The Company’s condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Company also utilizes certain non-GAAP financial measures as a complement to financial measures provided in accordance with GAAP in order to better assess and reflect trends affecting the Company’s business and results of operations. See Non-GAAP Information included below in this section for additional detail, including the definition of non-GAAP financial measures and the reconciliation of GAAP measures to the Company’s non-GAAP measures.

The Company’s non-GAAP financial measures are Adjusted EBITDA and Adjusted Operating Income, together with related measures thereof, and non-GAAP Earnings Per Share.

Adjusted EBITDA increased 6% to $71.3 million in the three-month period ended July 2, 2016, compared to $67.1 million in the three-month period ended June 27, 2015. Adjusted EBITDA, as a percent of net sales, declined to 23.5% from 23.9% in the year-ago period.

Adjusted Operating Income increased 7% to $57.5 million in the three-month period ended July 2, 2016, compared to $53.7 million in the three-month period ended June 27, 2015. Adjusted Operating Income, as a percent of net sales, declined to 19.0% from 19.1% in the year-ago period.

Non-GAAP Earnings Per Share increased 17% to $0.28 in the three-month period ended July 2, 2016, compared to $0.24 in the three-month period ended June 27, 2015.

Segment Analysis
The Company reports its financial performance based on two reporting segments. The following is a discussion on the results of operations of these two business segments. See Note 6 to the condensed consolidated financial statements for additional information on the Company’s two segments.

The following table presents selected net sales and segment profit data for the Company’s two reportable segments for the three months ended July 2, 2016, June 27, 2015 and April 2, 2016, and for the six months ended July 2, 2016 and June 27, 2015.

(In thousands)	Three months ended July 2, 2016	Three months ended June 27, 2015	Three months ended April 2, 2016	Six months ended July 2, 2016	Six months ended June 27, 2015
Critical Materials Handling					
Net sales	$ 194,880	$ 174,253	$ 166,229	$ 361,109	$ 341,721
Segment profit	52,524	43,732	37,892	90,416	85,073
Electronic Materials					
Net sales	$ 108,172	$ 106,456	$ 100,795	$ 208,967	$ 202,361
Segment profit	27,475	28,559	21,575	49,050	48,781

Critical Materials Handling (CMH)

For the second quarter of 2016, CMH net sales increased to $194.9 million, compared to $174.3 million in the comparable period last year. This increase was due to improved sales of 300mm transport module and liquid filtration products, as well as favorable foreign currency translation effects of $2.4 million, partly offset by lower sales of specialty materials products. CMH reported a segment profit of $52.5 million in the second quarter of 2016, up 20% from $43.7 million in the year-ago period primarily due to the increased sales, offset in part by a 9% increase in operating expenses, reflecting higher selling expenses and ER&D costs.

For the six months ended July 2, 2016, CMH net sales increased 6% to $361.1 million from $341.7 million in the comparable period last year. This increase also reflects improved sales of 300mm transport module, container and liquid filtration products, partly offset by lower sales of specialty materials products. Favorable foreign currency translation effects were $1.4 million for the period. CMH reported a segment profit of $90.4 million in the six months ended June 27, 2015, up 6% from $85.1 million in the year-ago period also due to higher sales levels, partly offset by a 6% increase in operating expenses, mainly reflecting higher selling expenses.

Electronic Materials (EM)

For the second quarter of 2016, EM net sales increased 2% to $108.2 million, up from $106.5 million in the comparable period last year. This increase was due to an improvement in the sale of advanced deposition material products, offset by a small decline in surface preparation product sales. EM reported a segment profit of $27.5 million in the second quarter of 2016 compared to a $28.6 million segment profit in the year-ago period. The 4% decrease in segment profit mainly reflects an unfavorable sales mix. Operating expenses for the quarter were flat compared to a year-ago.

For the six months ended July 2, 2016, EM net sales of $209.0 million were up 3% from $202.4 million in the comparable period last year. The sales increase reflects an improvement in the sale of advanced deposition material products. EM reported a segment profit of $49.1 million in the six months ended July 2, 2016, essentially unchanged compared to a $48.8 million segment profit in the year-ago period.

Unallocated general and administrative expenses

Unallocated general and administrative expenses totaled $22.5 million in the second quarter of 2016 compared to $21.0 million in the second quarter of 2015. The $1.5 million increase mainly reflects the higher professional fees and severance costs noted above, offset in part by the absence of the integration expenses of $2.4 million recorded a year ago.

Unallocated general and administrative expenses for the six months ended July 2, 2016 totaled $41.2 million, down from $42.7 million in the six months ended June 27, 2015. The $1.6 million decline reflects the absence of the integration expenses of $5.0 million recorded a year ago, offset partly by the higher professional fees and severance costs in the second quarter of 2016.

Liquidity and Capital Resources

Operating activities Cash flows provided by operating activities totaled $78.5 million in the six months ended July 2, 2016. Operating cash flows reflecting net income adjusted for non-cash expenses (such as depreciation, amortization and share-based compensation) was offset by changes in operating assets and liabilities of $35.1 million, mainly reflecting increases in accounts receivable and inventories, offset by an increase in accrued liabilities.

Accounts receivable increased by $39.2 million during the six months ended July 2, 2016, or $36.1 million after accounting for foreign currency translation, mainly reflecting an increase in the Company’s days sales outstanding (DSO). The Company’s DSO was 54 days at July 2, 2016 compared to 48 days at the beginning of the year.

Inventories increased by $7.9 million during the six months ended July 2, 2016, or $11.4 million after accounting for foreign currency translation and the provision for excess and obsolete inventory. The net increase primarily reflects higher levels of work-in-process inventory due to increased levels of business activity.

Accounts payable and accrued liabilities increased $10.8 million during the six months ended July 2, 2016, or $13.6 million after accounting for foreign currency translation and payments for capital expenditures. The increase mainly reflects higher accounts payable associated with increased levels of business activity offset partly by the change in the Company's incentive compensation accruals, which includes the payment of 2015 incentive compensation during the first quarter of 2016.

Working capital at July 2, 2016 was $585.0 million, compared to $533.2 million as of December 31, 2015, and included $373.7 million in cash and cash equivalents, compared to cash and cash equivalents of $349.8 million as of December 31, 2015.

Investing activities Cash flows used in investing activities totaled $33.8 million in the six-month period ended July 2, 2016.

Acquisition of property and equipment totaled $32.1 million, which primarily reflected investments in equipment and tooling. As of July 2, 2016, the Company expects its capital expenditures in 2016 to be approximately $75 million. The Company's 2016 capital expenditure plans generally reflect more normalized capital spending levels. As of July 2, 2016, the Company had outstanding capital purchase obligations of $9.8 million for the construction or purchase of plant and equipment not yet recorded in the Company’s condensed consolidated financial statements as the Company had not yet received the related goods or property.

Financing activities Cash flows used in financing activities totaled $28.3 million during the six-month period ended July 2, 2016. This primarily reflects the Company's payment of $25.0 million on its senior secured term loan described below. In addition, the Company purchased shares of the Company’s common stock during the first quarter of 2016 at a total cost of $3.6 million under the stock repurchase program authorized by the Company’s Board of Directors. The Company received proceeds of $2.4 million in connection with common shares issued under the Company's stock plans less $2.2 million for taxes related to the net share settlement of equity awards under the Company’s stock plans.

As of July 2, 2016, the Company had outstanding long-term debt, including the current portion thereof, of $632.2 million, related to debt issued by the Company to fund its acquisition of ATMI.

At July 2, 2016, the Company had outstanding $360 million aggregate principal amount of 6% senior unsecured notes due April 1, 2022.

On April 30, 2014, the Company entered into a term loan facility that provided senior secured financing of $460 million. Borrowings under the term loan facility bear interest at a rate per annum equal to, at the Company’s option, a base rate (such as prime rate or LIBOR) plus, an applicable margin. The Company may voluntarily prepay outstanding loans under the term loan facility at any time. The principal amount outstanding at July 2, 2016 was $233.9 million.

The Company also has a senior secured asset-based revolving credit facility maturing April 30, 2019 that provides financing of $75 million, subject to a borrowing base. The senior secured asset-based revolving credit facility bears interest at a rate per annum equal to at the Company's option, a base rate (prime rate or LIBOR), plus an applicable margin. As of July 2, 2016, the Company had no outstanding borrowings and $0.2 million undrawn on outstanding letters of credit under the senior secured asset-based revolving credit facility.

Through July 2, 2016, the Company was in compliance with all applicable financial covenants included in the terms of its senior unsecured notes, senior secured term loan facility and senior secured asset-based revolving credit facility.

The Company also has lines of credit with two banks that provide for borrowings of Japanese yen for the Company’s Japanese subsidiary, equivalent to an aggregate of approximately $11.7 million. There were no outstanding borrowings under these lines of credit at July 2, 2016.

The Company believes that its cash and cash equivalents, funds available under its senior secured asset-based revolving credit facility and international credit facilities and cash flow generated from operations will be sufficient to meet its working capital and investment requirements for at least the next twelve months. If available liquidity is not sufficient to meet the Company’s operating and debt service obligations as they come due, management would need to pursue alternative arrangements through additional equity or debt financing in order to meet the Company’s cash requirements. There can be no assurance that any such financing would be available on commercially acceptable terms.

At July 2, 2016, the Company’s shareholders’ equity was $861.2 million, up from $802.9 million at the beginning of the year. The increase mainly reflected net income of $49.1 million, an increase to additional paid-in capital of $6.4 million associated with the Company’s share-based compensation expense, proceeds of $2.4 million in connection with common shares issued under the Company's stock plans, and foreign currency translation effects of $6.8 million, mainly associated with the weakening of the U.S. dollar versus the Korean won and Japanese yen. These increases were offset partly by the repurchase of the Company’s common stock at a total cost of $3.6 million and the payment of $2.2 million for taxes related to the net share settlement of equity awards under the Company’s stock plans.

As of July 2, 2016, the Company’s resources included cash and cash equivalents of $373.7 million, funds available under its $75 million senior secured asset-based revolving credit facility and international credit facilities, and cash flow generated from operations. As of July 2, 2016, the amount of cash and cash equivalents held by foreign subsidiaries was $197.3 million. These amounts held by foreign subsidiaries, certain of which are associated with indefinitely reinvested foreign earnings, may be subject to U.S. income taxation on repatriation to the United States. The Company does not anticipate the need to repatriate funds associated with indefinitely reinvested foreign earnings to the United States to satisfy domestic liquidity needs arising in the ordinary course of business. The Company believes its existing balances of domestic cash and cash equivalents, available cash and cash equivalents held by foreign subsidiaries not associated with indefinitely reinvested foreign earnings and operating cash flows will be sufficient to meet the Company’s domestic cash needs arising in the ordinary course of business for the next twelve months.

Recently adopted accounting pronouncements Refer to Note 1 to the Company's condensed consolidated financial statements for a discussion of accounting pronouncements recently adopted.

Recently issued accounting pronouncements Refer to Note 1 to the Company's condensed consolidated financial statements for a discussion of accounting pronouncements recently issued by not yet adopted.

Non-GAAP Information The Company’s condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP).

The Company also provides certain non-GAAP financial measures as a complement to financial measures provided in accordance with GAAP in order to better assess and reflect trends affecting the Company’s business and results of operations. Regulation G, “*Conditions for Use of Non-GAAP Financial Measures*,” and other regulations under the Securities Exchange Act of 1934, as amended, define and prescribe the conditions for use of certain non-GAAP financial information. The Company provides non-GAAP financial measures of Adjusted EBITDA and Adjusted Operating Income together with related measures thereof, and non-GAAP Earnings Per Share (EPS).

Adjusted EBITDA, a non-GAAP term, is defined by the Company as net income before (1) equity in net loss of affiliates, (2) income tax expense, (3) interest expense, (4) interest income, (5) other income, net, (6) integration costs, (7) amortization of intangible assets and (8) depreciation. Adjusted Operating Income, another non-GAAP term, is defined by the Company as Adjusted EBITDA exclusive of the depreciation addback noted above. The Company also utilizes non-GAAP measures whereby Adjusted EBITDA and Adjusted Operating Income are each divided by the Company’s net sales to derive Adjusted EBITDA Margin and Adjusted Operating Margin, respectively.

Non-GAAP EPS, a non-GAAP term, is defined by the Company as net income before (1) integration costs, (2) (gain) loss on impairment and sale of equity investment, (3) amortization of intangible assets and (4) the tax effect of those adjustments to net income on a per share basis.

The Company provides supplemental non-GAAP financial measures to better understand and manage its business and believes these measures provide investors and analysts additional and meaningful information for the assessment of the Company’s ongoing results. Management also uses these non-GAAP measures to assist in the evaluation of the performance of its business segments and to make operating decisions.

Management believes the Company’s non-GAAP measures help indicate the Company’s baseline performance before certain gains, losses or other charges that may not be indicative of the Company’s business or future outlook and offer a useful view of business performance in that the measures provide a more consistent means of comparing performance. The Company believes the non-GAAP measures aid investors’ overall understanding of the Company’s results by providing a higher degree of transparency for such items and providing a level of disclosure that will help investors understand how management plans, measures and evaluates the Company’s business performance. Management believes that the inclusion of non-GAAP measures provides consistency in its financial reporting and facilitates investors’ understanding of the Company’s historical operating trends by providing an additional basis for comparisons to prior periods.

Management uses Adjusted EBITDA and Adjusted Operating Income to assist it in evaluations of the Company’s operating performance by excluding items that management does not consider as relevant in the results of its ongoing operations. Internally, these non-GAAP measures are used by management for planning and forecasting purposes, including the preparation of internal budgets; for allocating resources to enhance financial performance; for evaluating the effectiveness of operational strategies; and for evaluating the Company’s capacity to fund capital expenditures, secure financing and expand its business.

In addition, and as a consequence of the importance of these non-GAAP financial measures in managing its business, the Company’s Board of Directors uses non-GAAP financial measures in the evaluation process to determine management compensation.

The Company believes that certain analysts and investors use Adjusted EBITDA, Adjusted Operating Income and non-GAAP EPS as supplemental measures to evaluate the overall operating performance of firms in the Company's industry. Additionally, lenders or potential lenders use Adjusted EBITDA measures to evaluate the Company's creditworthiness.

The presentation of non-GAAP financial measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP. Management strongly encourages investors to review the Company's consolidated financial statements in their entirety and to not rely on any single financial measure.

Management notes that the use of non-GAAP measures has limitations:

First, non-GAAP financial measures are not standardized. Accordingly, the methodology used to produce the Company's non-GAAP financial measures is not computed under GAAP and may differ notably from the methodology used by other companies. For example, the Company's non-GAAP measure of Adjusted EBITDA may not be directly comparable to EBITDA or an adjusted EBITDA measure reported by other companies.

Second, the Company's non-GAAP financial measures exclude items such as amortization and depreciation that are recurring. Amortization of intangibles and depreciation have been, and will continue to be for the foreseeable future, a significant recurring expense with an impact upon the Company's results of operations, notwithstanding the lack of immediate impact upon cash flows.

Third, there is no assurance the Company will not have future restructuring activities, translation-related costs, gains or losses on sale of equity investments, or similar items and, therefore, may need to record additional charges (or credits) associated with such items, including the tax effects thereon. The exclusion of these items from the Company's non-GAAP measures should not be construed as an implication that these costs are unusual, infrequent or non-recurring.

Management considers these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures and evaluating these non-GAAP financial measures together with their most directly comparable financial measures calculated in accordance with GAAP. The calculations of Adjusted EBITDA, Adjusted Operating Income, and non-GAAP EPS, and reconciliations between these financial measures and their most directly comparable GAAP equivalents, are presented below in the accompanying tables.

Reconciliation of GAAP Net income to Adjusted Operating Income and Adjusted EBITDA

	Three months ended		Six months ended	
(In thousands)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net sales	$ 303,052	$ 280,709	$ 570,076	$ 544,082
Net income	$ 32,890	$ 24,448	$ 49,102	$ 39,320
Adjustments to net income				
Equity in net loss of affiliates	—	48	—	150
Income tax expense	5,513	6,245	10,386	10,915
Interest expense	9,092	9,752	18,310	19,593
Interest income	(41)	(37)	(110)	(250)
Other income, net	(1,054)	(1,109)	(1,729)	(2,842)
GAAP – Operating income	46,400	39,347	75,959	66,886
Integration costs	—	2,396	—	5,008
Amortization of intangible assets	11,062	11,928	22,351	24,235
Adjusted operating income	57,462	53,671	98,310	96,129
Depreciation	13,825	13,405	27,525	26,724
Adjusted EBITDA	$ 71,287	$ 67,076	$ 125,835	$ 122,853
Adjusted operating income – as a % of net sales	19.0%	19.1%	17.2%	17.7%
Adjusted EBITDA – as a % of net sales	23.5%	23.9%	22.1%	22.6%

Reconciliation of GAAP Earnings per Share to Non-GAAP Earnings per Share

	Three months ended		Six months ended	
(In thousands, except per share data)	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net income	$ 32,890	$ 24,448	$ 49,102	$ 39,320
Adjustments to net income				
Integration costs	—	2,396	—	5,008
(Gain) loss on impairment and sale of equity investment	(38)	(56)	(156)	617
Amortization of intangible assets	11,062	11,928	22,351	24,235
Tax effect of adjustments to net income	(3,624)	(4,813)	(7,390)	(9,831)
Non-GAAP net income	$ 40,290	$ 33,903	$ 63,907	$ 59,349
Diluted earnings per common share	$ 0.23	$ 0.17	$ 0.35	$ 0.28
Effect of adjustments to net income	0.05	0.07	0.10	0.14
Diluted non-GAAP earnings per common share	$ 0.28	$ 0.24	$ 0.45	$ 0.42

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 senior secured financing obligation are subject to interest rate fluctuations. The Company's cash equivalents are instruments with maturities of three months or less. A 100 basis point change in interest rates would potentially increase or decrease annual net income by approximately $0.6 million annually.

The cash flows and results of operations 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 July 2, 2016, the Company had no net exposure to any foreign currency forward contracts.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.
The Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), has conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 (the 1934 Act)) as of July 2, 2016. The term "disclosure controls and procedures" means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the 1934 Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on management's evaluation (with the participation of our CEO and CFO), as of July 2, 2016, the Company's CEO and CFO have concluded that the disclosure controls and procedures used by the Company, were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the 1934 Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.
There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act) during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings
As of July 2, 2016, the Company is subject to various claims, legal actions, and complaints arising in the ordinary course of business. The Company believes the final outcome of these matters will not have a material adverse effect on its condensed consolidated financial statements. The Company expenses legal costs as incurred.

Item 6. Exhibits

10.1	Executive Separation Letter Agreement, dated as of June 13, 2016, by and between Entegris, Inc. and Christian F. Kramer
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a).
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a).
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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: July 27, 2016

/s/ Gregory B. Graves

Gregory B. Graves
Executive Vice President and Chief Financial Officer (on behalf of the registrant and as principal financial officer)

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Exhibit 10.1

June 13, 2016

Delivered in Person
Mr. Christian F. Kramer
6 Davis Avenue, Apt. B22
Rye, NY 10580

Dear Chris:

The purpose of this letter agreement ("Agreement") is to set forth the severance compensation and benefits being offered to you and to specify the other severance arrangements as the result of the termination of your employment with Entegris, Inc. (the "Company").

1. **Resignation**. At the request of the Company you resign from all positions and offices held by you with the Company and its subsidiaries effective today (the "Separation Date"). You agree to provide the Company with reasonable assistance in transitioning your responsibilities to others. Other than providing such transition assistance, you are relieved of your duties effective as of the Separation Date. You further agree to execute all such other documents and forms in connection with your resignation as may be requested by the Company.

2. **Payment of Accrued Rights**. Whether or not you sign this Agreement, you will receive pay for the following: **(A)** your base salary in effect through the Separation Date, to the extent not previously paid; **(B)** reimbursement for any unreimbursed business expenses properly incurred by you in accordance with Company policy prior to the Separation Date and properly submitted for reimbursement within sixty (60) days following the date of this letter; and **(C)** such reimbursements and benefits under the Company's Benefit Plans, if any, to which you became entitled prior to or on the Separation Date, including, but not limited to, any vacation accrued but unused through the Separation Date, as determined in accordance with Company policies.

3. **Relocation Advance**. (A) Prior to the Separation Date you had agreed with the Company to relocate your home to the greater Billerica area. In conjunction with this agreement and pursuant to your request, on January 7, 2016 the Company advanced you the sum of One Hundred Twenty-Seven Thousand Five Hundred four and 90/100 Dollars ($127,504.90) to defray reimbursable expenses related to the relocation of your home to the Billerica area (the "Relocation Advance"). You have recently advised us that you have determined that you are unable to relocate your home to the Billerica area for the foreseeable future. Consequently, it is necessary for you to immediately repay to the Company the full amount of the Relocation Advance. This repayment may be in the form of (i) a valid check payable to the Company and delivered to the Company's Senior Vice President Human Resources on or before the Separation Date; or (ii) by offset against the Severance Benefits as provided in Paragraph 4(b) below. In the event that your check delivered in accordance with clause (i) cannot be cashed or is returned for insufficient funds, then the repayment by offset pursuant to clause (ii) shall apply.

(B) Related to the repayment of the Relocation Advance, to the extent not already submitted, you must submit expense reports, prepared in conformity with the Company's policies, documenting all travel, lodging and meal expenses incurred by you while traveling to the Company's Billerica headquarters since the above date of the Relocation Advance. The Company will treat all such proper expenses as Accrued Rights in accordance with paragraph 2 above.

4. Severance Benefits. In consideration of your acceptance of this Agreement and subject to: (i) the expiration of the seven (7) day revocation/rescission period as provided in paragraph 16 below; and (ii) full compliance with your obligations under this Agreement, the Company will provide you or, in the event of your death, your estate, with the following severance pay and benefits:

(a) The Company will provide severance pay for a period of twenty-four (24) months following the Separation Date (the "Severance Pay Period") at your current base salary at a rate of Three Hundred Sixty-Six Thousand and No/100 Dollars ($366,000) per year. Payments of separation pay hereunder will be made in the form of salary continuation and will begin on the next regular Company payday following the Separation Date, and in no event later than sixty (60) days following the Separation Date (unless the seven (7) day revocation period has not yet expired). The first payment would be retroactive to the day following the Separation Date.

(b) Subject to the offset provided in subparagraph 4(c) below, the Company will buy out the 18,028 unvested restricted stock units awarded to you as a special award under grant No. 0000015520, dated June 16, 2014, at the closing price of the Company's stock on the NASDAQ this date ($14.18) for a total purchase price of Two Hundred Fifty-Five Thousand Six Hundred Thirty seven and 04/100 Dollars ($255,637.04). All other unvested portions of outstanding equity awards shall be cancelled as of the Separation Date and shall be of no further force or effect. You shall have a period of one (1) year following the Separation Date to exercise all stock options that are vested and outstanding as of the Separation Date or until the date such stock options would have expired in the absence of a termination of employment, if earlier.

(c) In the event that you elect to repay the Relocation Advance pursuant to clause (ii) of paragraph 3 above, 100% of the purchase price for the unvested RSUs provided in paragraph 4(b) above shall be applied by the Company to the repayment in full of the Relocation Advance ("Payoff'). After Payoff, the remaining balance of such purchase price in the amount of One Hundred Twenty Eight Thousand One Hundred Thirty—two and 04/100 Dollars ($128,132.04) shall be payable to you.

(d) If you are enrolled in the Company's medical and dental plans, subject to receipt of any required consent by any health maintenance organization, health insurance provider or dental insurance provider with which you are enrolled, the Company will continue to pay the premium for benefit coverage on the same basis as you are enrolled on the date hereof through the *earlier* of **(i)** the expiration of twenty-four (24) months following the Separation Date; or **(ii)** the date you become eligible for coverage under the health plan of another employer; **(iii)** loss of coverage due to your separation and failure of the applicable health maintenance organization, health insurance provider or dental insurance provider to consent to continued coverage. Upon termination of medical and dental benefits pursuant to clause (i) or (ii) above you may, at your own expense, elect to continue your participation and that of your eligible dependents in those plans for a period of time under the federal law known as "COBRA." In the event that any required consent by any health maintenance organization, health insurance provider or dental insurance provider with which you are enrolled is denied, and you elect to continue participation under "COBRA", then the Company will pay the premium for benefit coverage under COBRA on the same basis as you are enrolled on the date hereof through the earlier of (i) the expiration of twenty-four (24) months following the Separation Date; or (ii) the date you become eligible for coverage under the health plan of another employer, ***provided***, ***however***, that in the event that the Company determines that it is unable to continue any such participation, it shall pay the cost, on an after-tax basis, of comparable coverage.

(e) You will not be eligible to participate in the Entegris Incentive Plan for any period subsequent to December 31, 2015.

(f) If you are enrolled in the Company's group life insurance plan on the Separation Date, subject to receipt of any required consent by any group life insurance provider, the Company shall pay the premium in order for you to continue your participation in the Company's group life insurance plan until the expiration of twenty-four (24) months following the Separation Date. In the event that the group life insurance provider refuses to so consent, then the Company shall provide you with reasonable assistance should you wish to convert such group policy into an individual policy. If you convert such policy, the Company will reimburse you for the premiums thereon for such twenty-four month period following the Separation Date.

(g) The Company will reimburse you for the expense of outplacement services provided by an outplacement firm reasonably selected by you up to an aggregate of Fifteen Thousand and No/100 Dollars ($15,000.00) provided that you submit appropriate documentation evidencing that such expense was incurred no later than December 31, 2017. If timely submitted, such expenses will be paid no later than March 31, 2018.

(h) Your contributions and the Company's matching contributions to the Entegris Inc. 401(k) Savings and Profit Sharing Plan (2012 Restatement) shall terminate as of the Separation Date. The balances in your accounts under the Entegris Inc. 401(k) Savings and Profit Sharing Plan (2012 Restatement) and in the Entegris, Inc. Supplemental Executive Retirement Plan For Key Salaried Employees will be paid out to you in accordance with the terms of those plans and the requirements of law. You acknowledge that, pending such pay outs, such balances shall continue to be subject to investment risk in accordance with the investment choices under those plans that you have selected.

5. Certain Tax Matters. Payments and benefits under this Agreement shall be made and provided without regard to whether the deductibility of such payments (or any other payments or benefits to or for your benefit) would be limited or precluded by Section 280G ("Section 280G") of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and without regard to whether such payments (or any other payments or benefits) would subject you to the federal excise tax applicable to certain "excess parachute payments" under Section 4999 of the Code (the "Excise Tax"). If any portion of the payments or benefits to or for your benefit (including, but not limited to, payments and benefits under this Agreement but determined without regard to this paragraph) constitutes an "excess parachute payment" within the meaning of Section 280G (the aggregate of such payments being hereinafter referred to as the "Excess Parachute Payments"), the Company shall promptly pay to you an additional amount (the "gross-up payment") that after reduction for all taxes (including but not limited to the Excise Tax) with respect to such gross-up payment equals the Excise Tax with respect to the Excess Parachute Payments; *provided that* to the extent any gross-up payment would be considered "deferred compensation" for purposes of Section 409A of the Code, the manner and time of payment, and the provisions of this Agreement, shall be adjusted to the extent necessary (but only to the extent necessary) to comply with the requirements of Section 409A with respect to such payment so that the payment does not give rise to the interest or additional tax amounts described at Section 409A(a)(1)(B) or Section 409A(b)(4) of the Code (the "Section 409A penalties"); *and further provided that* if, notwithstanding the immediately preceding proviso, the gross-up payment cannot be made to conform to the requirements of Section 409A of the

Code, the amount of the gross-up payment shall be determined without regard to any gross-up for the Section 409A penalties. The determination as to whether your payments and benefits include Excess Parachute Payments and, if so, the amount of such payments, the amount of any Excise Tax owed with respect thereto, and the amount of any gross-up payment shall be made at the Company's expense by Ernst & Young or by such other certified public accounting firm as the Company's Board of Directors may designate (the "accounting firm").

Notwithstanding the foregoing, if the U.S. Internal Revenue Service shall assert an Excise Tax liability that is higher than the Excise Tax (if any) determined by the accounting firm, the Company shall promptly augment the gross-up payment to address such higher Excise Tax liability.

The payments provided under this Agreement are intended to fall within either the separation pay exception or the short-term deferral exception to the application of Section 409A of the Code and the applicable guidance issued thereunder. To the extent the benefits provided under the Agreement become subject to Code Section 409A and applicable guidance issued thereunder, the Agreement and Release shall be construed, and benefits paid hereunder, as necessary to comply with Code Section 409A and such guidance. Notwithstanding the foregoing, to the extent any payments hereunder are not made in compliance with Code Section 409A or an exception thereto, any and all tax liability and penalties resulting from non-compliance with Code Section 409A shall remain Employee's sole responsibility.

6. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law and all other deductions authorized by you.

7. Acknowledgement of Full Payment. You acknowledge and agree that the payments provided under paragraph 2 of this Agreement are in complete satisfaction of any and all compensation due to you from the Company, whether for services provided to the Company or otherwise, through the Separation Date and that, except as expressly provided under this Agreement, no further compensation is owed to you. Without limiting the generality of the foregoing, except as provided in paragraph 4 above, you expressly waive and relinquish any and all rights you have, or might have, to any bonus or other incentive compensation or other compensation, of any kind or description, under any plan or program of the Company.

8. Status of Employee Benefits and Paid Time Off. Except as otherwise expressly provided in paragraph 4 of this Agreement, your participation hi all employee benefit plans of the Company shall end as of the Separation Date, in accordance with the terms of those plans. You will not continue to earn vacation or other paid time off after the Separation Date.

9. Confidentiality and Non-Disparagement. You agree that you will continue to protect Confidential Information/Trade Secrets of the Company, as defined in subparagraph 11(a) below, and that you will not, directly or indirectly, use or disclose it. You also agree that you will not disclose this Agreement or any of its terms or provisions, directly or by implication, except to members of your immediate family and to your legal and tax advisors, and then only on condition that they agree not to further disclose this Agreement or any of its terms or provisions to others. Further, you agree that, during the Severance Pay Period and thereafter, you will not disparage or criticize the Company or its Affiliates, their business, management or products, and that you will not otherwise do or say anything that could disrupt the good morale of Company employees or harm the interests or reputation of the Company, its directors, officers or employees, or any of its Affiliates and their respective directors, officers and employees. This provision is not intended to, and may not be construed to, prohibit or restrict you from initiating communications directly with, or responding to any inquiry from, or providing testimony before, any state or federal regulatory authority, including but not limited to, the Equal Employment Opportunity Commission ("EEOC"), the New York State Division of Human Rights (NYSDHR), the Massachusetts Commission Against Discrimination (MCAD) or any other federal, state or local governmental agency. You are not required to notify the Company if you have made such reports or disclosures, or to secure the Company's permission to do so.

10. Return of Company Documents and Other Property. In signing this Agreement, you represent and warrant that, except as provided in paragraph 4 above, you have returned to the Company any and all documents, materials and information (whether in hardcopy, on electronic media or otherwise) related to the business of the Company or any of its Affiliates and all keys, access cards, credit cards, computer hardware and software, cell phones, telephones and telephone-related equipment and all other property of the Company and its Affiliates in your possession or control. Further, you represent and warrant that you have not retained any copy of any documents, materials or information of the Company or any of its Affiliates (whether in hardcopy, on electronic media or otherwise). Recognizing that your performance of your duties for the Company is ending as of the Separation Date, you agree that, except as necessary to provide the Company with transition assistance as provided in paragraph 1 above, you will not thereafter, for any purpose, attempt to access or use any Company computer or computer network or system. Further, you acknowledge that you have disclosed to the Company all passwords necessary or desirable to enable the Company to access all information which you have password-protected on any of its computer equipment or on its computer network or system.

11. Restricted Activities. You acknowledge that during your employment with the Company you have had access to Confidential Information which, if disclosed, would assist in competition against the Company and you agree that the following restrictions on your activities are necessary to protect the goodwill, Confidential Information and other legitimate interests of the Company:

(a) Trade Secrets and Unfair Competition. You acknowledge and agree that information, including but not limited to pricing information, customer buying and selling habits and special needs, customer credit information as well as the Company's proprietary software, accounting records, marketing strategies, unique methods and procedures regarding pricing and advertising, employee personnel information, collection procedures, and payment histories, information relating to the Company's Customers such as contract terms, products purchased from the Company and any other information relating to the Company or the Company's Customers that has been obtained or made known to you solely as the result of your performing services for the Company, as well as the Company's business plans, pending transactions, business strategy plans, sales figures, sales reports, internal memoranda, software developed by or for the benefit of the Company and related data source code and programming information (whether or not patentable or registered under copyright or similar statutes), copyrighted software and/or other copyrighted materials created by or for the benefit of the Company, personnel policies, the Company's marketing methods, plans and related data, accounting/financial records (including, but not limited to, balance sheets, profit and loss statements, tax returns, payable and receivable information, bank account information and other financial reporting information), the names of any of the Company's vendors and/or suppliers, information relating to costs, sales or services provided to the Company by such vendors and suppliers, the prices the Company obtains or has obtained for the Company's products or services, compensation paid to the Company's employees and other terms of employment, information regarding the Company's relations with its employees, including all information received by the Company or any of its Affiliates from customers or other third parties with any understanding, express or implied, that the information would not be disclosed and/or other confidential information regarding the manner of business operations and actual or demonstrably anticipated business, research or development of the Company, or any other information that has or could have commercial value or other utility in the business in which the Company is engaged or in which the Company contemplates engaging and information, that, if disclosed without authorization, could be detrimental to the interests of the Company or its Customers, whether or not such information is identified as confidential information by the Company or its Customers, constitutes Confidential Information/Trade Secrets of the Company ("Confidential Information/Trade Secrets of the Company"). You agree that the sale or unauthorized use or disclosure of any of the Company's Confidential Information/Trade Secrets obtained by you during your employment with the Company constitutes unfair competition. You hereby promise not to engage in any unfair competition with the Company.

(b) Covenant Not to Disclose The Company's Trade Secrets or Confidential Information After Separation of Employment. You hereby agree that you will not publish or disclose, subsequent to the date of this Agreement, any Confidential Information/Trade Secret of the Company as defined herein, or other confidential information including information or any other matter relating to the Company's business that you may in any way have acquired through your employment with the Company. All records, files, plans, documents and the like (whether in hard copy or electronic format of any nature) relating to the business of the Company which you have prepared, used, or come in contact with are and shall remain the sole property of the Company and shall not be copied without written permission of the Company and shall, as of the date of your execution of this Agreement, be returned to the Company as set forth in paragraph 10 above.

(c) Covenant Not to Compete by Use of the Company's Confidential Information/Trade Secrets After Separation of Employment. You will not engage in competition with the Company, at any time after the above date of this Agreement, while making use of the Confidential Information/Trade Secrets of the Company or any other confidential matter relating to the Company's business that you may have previously in any way acquired by reason of your employment with the Company.

(d) Non-Recruiting Covenant. You hereby agree that the Company has invested substantial time and effort in assembling its present personnel. You agree that for a period of twenty-four (24) months following the above date of this Agreement, you will not directly or indirectly recruit, or attempt to recruit, any other employee of the Company or its Affiliates, or induce or attempt to induce any employee of the Company to terminate or cease employment with the Company.

(e) Tolling and Suspension. In the event that you breach any restrictive covenant contained in this Agreement, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically re-commence when the breach is remedied so that the Company shall receive the benefit of your compliance with the terms and conditions of this Agreement.

(f) Restraints Necessary and Reasonable. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this paragraph H. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in paragraph 9 or 10 above or of this paragraph 11, the damage to the Company would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond. You also agree that in the event that Company prevails, in whole or in part, in any action to enforce this Agreement (whether for equitable relief, damages or both), you shall be liable to the Company for its reasonable attorneys' fees and costs incurred in such action. You and the Company further agree that, in the event that any provision of paragraph 9 or 10 above or of this paragraph 11 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

(g) Claw Back Provisions. You acknowledge and agree that any remedy at law that the Company has for your breach of this Agreement would be inadequate and that the Company would be irreparably harmed by any actual or threatened breach thereof. Therefore, you expressly agree and understand that in the event of your material breach of this Agreement, including, but not limited to this paragraph 11, the Company will be entitled, in addition to all actual and compensatory damages and relief (incurred by it in any action against you to enforce or remedy breach of any of the terms or conditions of this Agreement), to liquidated damages in the amount of all the consideration paid to you under this Agreement other than the Accrued Rights, to the extent permitted by law. Accordingly, in the event of such a material breach you must immediately return to the Company any such consideration that you may have received under this Agreement, and the Company shall be entitled to cease payment of any promised consideration not yet paid. You further acknowledge that your release of claims shall remain effective.

12. Employee Cooperation. You agree to cooperate with the Company with respect to all matters arising during or related to your employment, including but not limited to all matters in connection with any transition of duties to others, governmental investigation, litigation, or regulatory registrations, qualifications or proceedings or any other proceeding which may have arisen or which may arise following the signing of this Agreement. The Company will reimburse you for your out-of-pocket expenses incurred in complying with Company requests hereunder, provided such expenses are authorized by the Company in advance. In the event that such cooperation requires that you devote working time after the expiration of twenty-four (24) months following the Separation Date, the Company agrees to provide you with reasonable compensation for your services. You further agree that, in the event you are subpoenaed by any person or entity (excluding any government agency) to give testimony (in a deposition, court proceeding or otherwise) which in any way relates to your employment with the Company, you will give prompt written notice of such request to Sue Lee, Esq. (or her successor) at 129 Concord Rd., Billerica, MA 01821 or via email to sue.lee@entegris.com, to allow the Company a reasonable opportunity to protect its interests with respect to such disclosure. Nothing in this Agreement shall preclude you from responding truthfully to any valid subpoena or from cooperating fully with any governmental investigation, action or proceeding. Nothing in this Agreement shall require you to advise the Company that you are communicating with or have communicated with any federal or state legal or regulatory entity. Neither shall it prohibit or restrict you from initiating communications directly with, or responding to any inquiry from, or providing testimony before, any state or federal regulatory authority. You are not required to notify the Company if you have made such reports or disclosures, or to secure the Company's permission to do so.

13. Release of Claims.

(a) In exchange for the severance pay and other benefits provided you under this Agreement, to which you acknowledge that you would not otherwise be entitled, on your own behalf and that of your heirs, executors, administrators, beneficiaries, personal representatives and assigns, you agree that this Agreement shall be in complete and final settlement of any and all causes of action, rights or claims that you have had in the past, now have, or might now have, whether known or unknown, of any kind or description, including without limitation any causes of action, rights or claims in any way related to, connected with or arising out of your employment or its termination or pursuant to Title VII of the Civil Rights Act, the Americans with Disabilities Act, the *Age Discrimination in Employment Act*, the New York Human Rights Law — N.Y. Exec. Law § 290 et seq.; the New York Labor Law — N.Y. Labor § 10 et seq; the New York Whistleblower Law — N.Y. Exec. Law § 740 et seq.; the New York Worker's Compensation Law — N.Y. Work. Comp. § 9 et seq; the New York Criminal and Consumer Background Laws — N.Y. Correct. § 752 et seq., N.Y. Gen. Bus. Law § 380-B et seq.; the New York Persons With Genetic Disorders Law — N.Y. Civ. Rts. § 48 et seq; the New York Marriage Equality Act - N.Y. Dom. Rel. Law § 10-a et seq.; the New York Constitution — N.Y. Const. Art. 1, § 1 et seq; all New York leave laws; all regulations of the New York State Division of Human Rights; all regulations of the New York State Department of Labor;, the Massachusetts Fair Employment Act, the Massachusetts Wage Act, M.G.L. ch. 149 §§ 148, 150 et seq.; the Massachusetts Minimum Fair Wage Law, M.G.L. ch. 151; any claims that may be released under Massachusetts labor statutes, M.G.L. c. 149, or any other federal, state or local law, regulation or other requirement and you hereby release and forever discharge the Company and its Affiliates and all of their respective past and present directors, shareholders, officers, employees, general and limited partners, members, managers, agents and representatives, their successors and assigns, and all others connected with them, and all employee benefit plans maintained by the Company and all trustees and plan administrators of such plans, both individually and in the official capacities of each of the foregoing individually, from any and all such causes of action, rights or claims. This release shall not apply to any claim for breach by the Company of its obligations under this Agreement.

(b) This Agreement, including the release of claims set forth in the paragraph directly above, creates legally binding obligations and the Company has advised you to consult an attorney before signing this Agreement. In signing this Agreement, you give the Company assurance that you have signed it voluntarily and with a full understanding of its terms; that you have had sufficient opportunity, before signing this Agreement, to consider its terms and to consult with any of those persons to whom reference in made in the second sentence of paragraph 9 above; that you have consulted with an attorney of your choosing; and that, in signing this Agreement, you have not relied on any promises or representations, express or implied, that are not set forth expressly in this Agreement.

(c) You hereby acknowledge and understand that this is a General Release and by signing this Agreement you are giving up your rights to file any claim in any court and to seek and/or receive any form of compensation arising from your employment or separation from employment. You acknowledge that this Agreement does not act as a waiver or release of any complaints or charges that you cannot by law waive or release and that it does not waive any rights that arise after you sign this Agreement.

(d) You further acknowledge that this Agreement does not prohibit you from: **(i)** filing a charge or complaint with the EEOC, NYSDHR, MCAD or any other state or federal agency, or **(ii)** participating in or cooperating with any investigation or proceeding conducted by the, EEOC, NYSDHR, MCAD or any other federal, state or local governmental agency.

14. Definitions. As used in this Agreement:

"Affiliates" means any and all persons and entities controlling, controlled by or under common control with the Company, where control may be by management authority or equity interest.

"Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

15. Miscellaneous.

(a) This Agreement constitutes the entire agreement between you and the Company relating to the termination of your employment by the Company and supersedes all prior and contemporaneous communications, agreements and understandings whether written or oral, with respect to your employment, its termination and all related matters, excluding only your obligations with respect to the securities of the Company and for compliance with federal securities laws, all of which shall remain in full force and effect in accordance with their terms.

(b) This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and the Chief Executive Officer of the Company or his expressly authorized designee. The captions and headings in this Agreement are for convenience of reference only and in no way define or describe the scope or content of any provision of this Agreement. This is a Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the conflict-of-law principles thereof.

(c) If the duration of, scope of, or any business activity covered by this Agreement is in excess of what is valid and enforceable under applicable law, such provision will be construed to cover only that duration, scope, or activity that is valid and enforceable. You acknowledge that this paragraph 15(c) will be given the construction which renders its provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable laws.

(d) The obligations of the Company under paragraph 4 of this Agreement are expressly conditioned upon your continued full performance of your obligations under this Agreement.

(e) No right, benefit or interest hereunder shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

(f) No right or interest to or in any payments shall be assignable by you; provided, however, that this provision shall not preclude you from designating one or more beneficiaries to receive any amount that may be payable after your death and shall not preclude the legal representative of your estate from assigning any right hereunder to the person or persons entitled thereto under your will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to your estate.

(g) The Company agrees that to the extent that its obligations hereunder remain unfulfilled, it shall require that any entity with which it merges or consolidates or to which it agrees to transfer substantially all of its assets expressly assume the obligations of the Company under this Agreement (including exercise of options by a successor or award of substituted options by such) and that any successor or successors of such an entity, whether by merger, consolidation or transfer of assets, also expressly assume all such obligations. Notwithstanding the foregoing, the Company shall not be deemed to have breached its obligations under this subparagraph 15(g) if it negotiates with any successor entity to provide a substitute agreement on terms (which may be different than the terms herein) that are reasonably acceptable to you.

16. Review, Rescission and Revocation. You understand that you have twenty-one (21) days from the above date of this letter to consider whether you wish to sign this Agreement. After signing this Agreement, you may rescind/revoke this Agreement within seven (7) days of signing. Any rescission or revocation must be in writing, and must be delivered by hand or sent by certified mail, return receipt requested, and postmarked within the fifteen-day period to John J. Murphy, Senior Vice President Human Resources, Entegris, Inc., 129 Concord Road, Building 2, Billerica, MA 01821. If you do not execute this Agreement within the twenty one (21) day consideration period, or if you rescind/revoke it, then this Agreement is null and void and no consideration under this Agreement will be provided to you.

If the terms of this Agreement are acceptable to you, please sign, date and return it to me within twenty one (21) days following the above date of this letter. The enclosed copy of this letter, which you should also sign and date, is for your records.

Sincerely,

ENTEGRIS, INC.

/s/ Bertrand Loy
Bertrand Loy
President & Chief Executive Officer

Accepted and agreed:

Signature: /s/ Christian F. Kramer
Date: 15 June 2016

Exhibit 31.1

CERTIFICATIONS

I, Bertrand Loy, certify that:

1. I have reviewed this 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 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 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 the 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: July 27, 2016

/s/ Bertrand Loy

Bertrand Loy

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Gregory B. Graves, certify that:

1. I have reviewed this 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 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 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 the 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: July 27, 2016

/s/ Gregory B. Graves

Gregory B. Graves
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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 Delaware corporation (the “Company”), for the period ended July 2, 2016 as filed with the Securities and Exchange Commission on the date hereof, Bertrand Loy, President and Chief Executive Officer of the Company, and Gregory B. Graves, Chief Financial Officer of the Company, each 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, as amended; 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: July 27, 2016

/s/ Bertrand Loy

Bertrand Loy

Chief Executive Officer

/s/ Gregory B. Graves

Gregory B. Graves

Chief Financial Officer