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

# FORM 10-Q

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

**or**

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

**For Quarter Ended July 1, 2006**

**Commission File Number 000-30789**

# ENTEGRIS, INC.
**(Exact name of registrant as specified in charter)**

| **Delaware** | **41-1941551** |
|---|---|
| **(State or other jurisdiction of incorporation)** | **(IRS Employer ID No.)** |

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

| Class | Outstanding at July 31, 2006 |
|---|---|
| Common Stock, $0.01 Par Value | 139,941,300 |

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

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

| *(In thousands, except share data)* | July 1, 2006 | December 31, 2005 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 164,411 | $ 142,838 |
| Short-term investments | 146,896 | 131,565 |
| Trade accounts and notes receivable, net of allowance for doubtful accounts of $1,802 and $1,434 | 133,446 | 111,058 |
| Inventories | 100,928 | 69,535 |
| Deferred tax assets | 27,336 | 26,078 |
| Assets of discontinued operations and other assets held for sale | — | 14,655 |
| Other current assets | 7,505 | 10,635 |
| **Total current assets** | 580,522 | 506,364 |
| Property, plant and equipment, net of accumulated depreciation of $187,238 and $186,856 | 120,103 | 120,323 |
| Other assets: | | |
| Goodwill | 401,534 | 404,300 |
| Other intangible assets, net | 79,557 | 89,244 |
| Deferred tax assets | 10,090 | 10,614 |
| Other | 12,432 | 12,301 |
| **Total assets** | $1,204,238 | $1,143,146 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities:** | | |
| Current maturities of long-term debt | $ 566 | $ 797 |
| Short-term borrowings | — | 2,290 |
| Accounts payable | 32,128 | 33,585 |
| Accrued liabilities | 60,515 | 59,482 |
| Income taxes payable | 27,697 | 15,775 |
| **Total current liabilities** | 120,906 | 111,929 |
| Long-term debt, less current maturities | 3,191 | 3,383 |
| Pension benefit obligation and other liabilities | 15,568 | 15,015 |
| Commitments and contingent liabilities | | |
| **Shareholders' equity:** | | |
| Common stock, par value $.01; 200,000,000 shares authorized; issued and outstanding shares: 139,816,187 and 136,043,921 | 1,398 | 1,360 |
| Additional paid-in capital | 826,380 | 809,012 |
| Retained earnings | 236,482 | 206,936 |
| Accumulated other comprehensive income (loss) | 313 | (4,489) |
| **Total shareholders' equity** | 1,064,573 | 1,012,819 |
| **Total liabilities and shareholders' equity** | $1,204,238 | $1,143,146 |

See the accompanying notes to consolidated financial statements.

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

| (In thousands, except per share data) | Three Months Ended July 1, 2006 | Three Months Ended July 2, 2005 | Six Months Ended July 1, 2006 | Six Months Ended July 2, 2005 |
|---|---|---|---|---|
| Sales to non-affiliates | $180,701 | $88,781 | $338,363 | $169,488 |
| Sales to affiliates | — | — | — | 4,939 |
| Net sales | 180,701 | 88,781 | 338,363 | 174,427 |
| Cost of sales | 93,594 | 53,144 | 178,296 | 102,495 |
| Gross profit | 87,107 | 35,637 | 160,067 | 71,932 |
| Selling, general and administrative expenses | 51,977 | 23,722 | 104,045 | 47,636 |
| Engineering, research and development expenses | 10,219 | 4,938 | 19,395 | 8,431 |
| Operating income | 24,911 | 6,977 | 36,627 | 15,865 |
| Interest income, net | 1,897 | 719 | 3,919 | 1,246 |
| Other income, net | 799 | 1,069 | 1,594 | 2,910 |
| Income before income taxes | 27,607 | 8,765 | 42,140 | 20,021 |
| Income tax expense | 9,321 | 2,328 | 14,117 | 5,621 |
| Equity in net (income) loss of affiliates | (159) | 60 | (195) | 170 |
| Income from continuing operations | 18,445 | 6,377 | 28,218 | 14,230 |
| (Loss) income from discontinued operations | (252) | (707) | 1,328 | (1,491) |
| Net income | $ 18,193 | $ 5,670 | $ 29,546 | $ 12,739 |
| Basic earnings (loss) per common share: | | | | |
| Continuing operations | $ 0.13 | $ 0.09 | $ 0.21 | $ 0.19 |
| Discontinued operations | — | (0.01) | 0.01 | (0.02) |
| Net income | $ 0.13 | $ 0.08 | $ 0.22 | $ 0.17 |
| Diluted earning | | | | |
| Continuing operations | $ 0.13 | $ 0.08 | $ 0.20 | $ 0.19 |
| Discontinued operations | — | (0.01) | 0.01 | (0.02) |
| Net income | $ 0.13 | $ 0.07 | $ 0.21 | $ 0.17 |
| Weighted shares outstanding: | | | | |
| Basic | 137,445 | 73,554 | 137,167 | 73,484 |
| Diluted | 140,621 | 75,602 | 140,512 | 75,533 |

See the accompanying notes to consolidated financial statements.

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

| *(In thousands)* | Common shares outstanding | Common stock | Additional paid-in capital | Deferred compensation expense | Retained earnings | Accumulated other comprehensive income (loss) | Total | Comprehensive income (loss) |
|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2004 | 73,774 | $ 738 | $155,362 | $ (3,903) | $222,437 | $ 5,524 | $ 380,158 | |
| Shares issued under employee stock plans | 304 | 3 | 1,631 | — | — | — | 1,634 | |
| Compensation earned in connection with restricted stock awards | — | — | — | 1,147 | — | — | 1,147 | |
| Net change in unrealized gain on marketable securities, net of tax | — | — | — | — | — | 156 | 156 | $ 156 |
| Reclassification adjustment for gain on sale of equity investment | — | — | — | — | — | (1,584) | (1,584) | (1,584) |
| Foreign currency translation adjustments | — | — | — | — | — | (2,569) | (2,569) | (2,569) |
| Net income | — | — | — | — | 12,739 | — | 12,739 | 12,739 |
| Total comprehensive income | | | | | | | | $ 8,742 |
| Balance at July 2, 2005 | 74,078 | $ 741 | $156,993 | $ (2,756) | $235,176 | $ 1,527 | $ 391,681 | |
| Balance at December 31, 2005 | 136,044 | $1,360 | $809,012 | — | $206,936 | $ (4,489) | $1,012,819 | |
| Shares issued under employee stock plans | 3,772 | 38 | 8,613 | — | — | — | 8,651 | |
| Stock-based compensation expense | — | — | 8,346 | — | — | — | 8,346 | |
| Tax benefit associated with stock plans | — | — | 409 | — | — | — | 409 | |
| Net change in unrealized gain on marketable securities, net of tax | — | — | — | — | — | 205 | 205 | $ 205 |
| Foreign currency translation adjustments | — | — | — | — | — | 4,597 | 4,597 | 4,597 |
| Net income | — | — | — | — | 29,546 | — | 29,546 | 29,546 |
| Total comprehensive income | | | | | | | | $ 34,348 |
| Balance at July 1, 2006 | 139,816 | $1,398 | $826,380 | — | $236,482 | $ 313 | $1,064,573 | |

See the accompanying notes to consolidated financial statements.

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

| *(In thousands)* | Six Months Ended July 1, 2006 | Six Months Ended July 2, 2005 |
|---|---|---|
| Operating activities: | | |
| Net income | $ 29,546 | $ 12,739 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| (Income) loss from discontinued operations | (1,328) | 1,491 |
| Depreciation and amortization | 22,575 | 11,779 |
| Share-based compensation expense | 8,346 | 1,147 |
| Provision for doubtful accounts | 306 | 68 |
| Provision for deferred income taxes | 139 | — |
| Tax benefit from employee stock plans | 409 | — |
| Equity in net (earnings) loss of affiliates | (195) | 170 |
| Gains on disposal of property and equipment | (536) | (200) |
| Gain on sale of equity investment | — | (1,843) |
| Changes in operating assets and liabilities, excluding effects of acquisitions: | | |
| Trade accounts receivable | (21,447) | (3,599) |
| Trade accounts receivable from affiliate | — | 3,188 |
| Inventories | (28,963) | 648 |
| Accounts payable and accrued liabilities | 287 | 6,031 |
| Other current assets | 3,135 | 392 |
| Income taxes payable and refundable income taxes | 11,881 | 3,203 |
| Other | 2,711 | (37) |
| Net cash provided by operating activities | 26,866 | 35,177 |
| Investing activities: | | |
| Acquisition of property and equipment | (13,367) | (9,274) |
| Proceeds from sale of property and equipment | 2,957 | 16 |
| Proceeds from sale of equity investment | — | 3,948 |
| Purchases of short-term investments | (66,511) | (69,635) |
| Proceeds from sale or maturities of short-term investments | 51,087 | 39,152 |
| Other | (326) | (1,036) |
| Net cash used in investing activities | (26,160) | (36,829) |
| Financing activities: | | |
| Principal payments on short-term borrowings and long-term debt | (2,800) | (6,720) |
| Proceeds from short-term borrowings and long-term debt | — | 3,900 |
| Issuance of common stock | 8,651 | 1,634 |
| Net cash provided by financing activities | 5,851 | (1,186) |
| Discontinued Operations (Revised - See Note 1): | | |
| Net cash provided by (used in) operating activities | 1,328 | (996) |
| Net cash provided by (used in) investing activities | 13,063 | (447) |
| Net cash provided by (used in) discontinued operations | 14,391 | (1,443) |
| Effect of exchange rate changes on cash and cash equivalents | 625 | (549) |
| Increase in cash and cash equivalents | 21,573 | (4,830) |
| Cash and cash equivalents at beginning of period | 142,838 | 83,457 |
| Cash and cash equivalents at end of period | $164,411 | $ 78,627 |

See the accompanying notes to consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated in Delaware in June 2005 under the name Eagle DE, Inc. (Eagle DE) as a wholly owned subsidiary of Entegris, Inc., a Minnesota corporation (Entegris Minnesota). On August 6, 2005, the Company completed a merger with Mykrolis Corporation (Mykrolis) in a stock-for-stock transaction accounted for under the purchase method of accounting. Pursuant to this merger, the name of Eagle DE was changed to Entegris, Inc.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position as of July 1, 2006 and December 31, 2005, the results of operations and shareholders' equity and comprehensive income, and cash flows for the three and six months ended July 1, 2006 and July 2, 2005.

Certain amounts reported in previous years have been reclassified to conform to the current year's presentation. In this report, the Company has separately disclosed the operating, investing and financing portions of cash flows attributable to discontinued operations, which in prior periods were reported on a combined basis as a single amount.

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Effective December 13, 2005, the Company changed its fiscal year-end from a 52-week or 53-week fiscal year period ending on the last Saturday of August to December 31. The Company's new fiscal quarters consist of 13 week periods that end on Saturday. The Company's fiscal quarters in 2006 end on April 1, 2006, July 1, 2006, September 30, 2006 and December 31, 2006. Unaudited information for the three and six months ended July 1, 2006, the comparable period of 2005, and the financial position as of July 1, 2006 and December 31, 2005 are included in this Quarterly Report on Form 10-Q. Audited information for the transition period August 28, 2005 through December 31, 2005 will be included in the Company's Annual Report on Form 10-K to be filed for the Company's fiscal year ending December 31, 2006.

The consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual consolidated financial statements and notes. The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis and consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended August 27, 2005 and Form 10-Q for the four-month transition period ended December 31, 2005. The results of operations for the three and six months ended July 1, 2006 are not necessarily indicative of the results to be expected for the full year.

## 2. DISCONTINUED OPERATIONS

On September 12, 2005, the Company announced that it would divest its gas delivery, life science and tape and reel product lines. The gas delivery products include mass flow controllers, pressure controllers and vacuum gauges that are used by customers in manufacturing operations to measure and control process gas flow rates and to control and monitor pressure and vacuum levels during the manufacturing process. The life sciences products include stainless steel clean in place systems for life sciences applications. Tape and reel products include the Stream™ product line, which is a packaging system designed to protect and transport microelectronic components, while enabling the high-speed automated placement of the components onto printed circuit boards used for electronics.

The assets and liabilities of the life sciences product line and the assets of the tape and reel product line were sold in December 2005. On January 7, 2006, the Company signed a purchase agreement to sell the assets of its gas delivery product line for $15 million. The Company closed the sale of the gas delivery assets effective February 6, 2006. After adjustments for severance, sublease payments and other closing costs, the net proceeds of the sale totaled $13.1 million. As part of the purchase accounting allocation of the acquisition of Mykrolis, the fair value of the assets of the gas delivery product line were classified as assets held for sale as of the date of the August 6, 2005 acquisition. Accordingly, the Company adjusted its purchase price allocation related to the assets of the gas delivery product line and did not recognize a gain or loss from the sale.

The consolidated financial statements have been reclassified to segregate as discontinued operations the assets and liabilities, and operating results of, the product lines divested for all periods presented. The summary of operating results from discontinued operations is as follows (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 1, 2006 | July 1, 2005 | July 1, 2006 | July 1, 2005 |
| Net sales | — | $ 2,214 | $3,403 | $ 3,563 |
| Loss from discontinued operations, before income taxes | $ (404) | $ (1,133) | $ (442) | $(2,389) |
| Income tax benefit | 152 | 426 | 1,770 | 898 |
| Income (loss) from discontinued operations, net of taxes | $ (252) | $ (707) | $1,328 | $(1,491) |

Assets of discontinued operations and other assets held for sale shown in the Consolidated Balance Sheet as of December 31, 2005 include a building unrelated to the above product lines held for sale carried at $1.1 million. This building was sold in the second quarter of 2006 for net proceeds of $1.8 million, resulting in a pre-tax gain of $0.7 million which was recorded in cost of sales.

3. SHARE-BASED COMPENSATION EXPENSE

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

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of August 28, 2005. The Company’s Consolidated Financial Statements as of and for the four months ended December 31, 2005 reflected the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company’s Consolidated Financial Statements for prior periods were not restated to reflect, and did not include, the impact of SFAS 123(R). Share-based compensation expense recorded under SFAS 123(R) for the three and six months ended July 1, 2006 was $4.1 million and $8.3 million, respectively. Share-based compensation expense of $0.6 million and $1.1 million, respectively, for the three and six months ended July 2, 2005 was related to restricted stock grants that the Company had been recognizing under previous accounting standards. There was no share-based compensation expense related to employee stock options and employee stock purchases recognized during the three and six months ended July 2, 2005.

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

Share-based compensation expense recognized for periods after the adoption of SFAS 123(R) is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense recognized in the Company's Consolidated Statement of Operations for the six months ended July 1, 2006 includes compensation expense for share-based payment awards granted prior to, but not yet vested as of August 27, 2005 based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123. Share-based payment awards in the form of restricted stock awards for 0.1 million and 1.1 million shares, respectively, were granted to employees during the three and six months ended July 1, 2006. Share-based payment awards in the form of restricted stock awards with performance conditions for up to 0.9 million shares were also granted to certain employees during the six months ended July 1, 2006. Compensation expense is based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). In conjunction with the adoption of SFAS 123(R), the Company changed its method of attributing the value of share-based compensation to expense from the accelerated multiple-option approach to the straight-line single option method. Compensation expense for all share-based payment awards granted on or prior to August 27, 2005 will continue to be recognized using the accelerated multiple-option approach, while compensation expense for all share-based payment awards granted subsequent to August 27, 2005 will be recognized using the straight-line single-option method. Since share-based compensation expense recognized in the Consolidated Statement of Operations for the three months ended July 2, 2005 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for the periods through August 27, 2005, the Company accounted for forfeitures as they occurred.

There were share-based awards of 19,000 stock options and 6,500 restricted shares made to employees during the six months ended July 2, 2005. Prior to August 28, 2005, the Company used the Black-Scholes option-pricing model (Black-Scholes model) for the Company's pro forma information required under SFAS 123. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors and forfeitures.

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

**Employee Stock Purchase Plan**

The Company has an Employee Stock Purchase Plan, the Entegris, Inc. Employee Stock Purchase Plan (ESPP). A total of 4,000,000 common shares were reserved for issuance under the ESPP. The ESPP allows employees to elect, at six-month intervals, to contribute up to 10% of their compensation, subject to certain

limitations, to purchase shares of common stock at the lower of 85% of the fair market value on the first day or last day of each six-month period. The Company treats the ESPP as a compensatory plan under SFAS 123(R). As of July 1, 2006, 1.0 million shares had been issued under the ESPP. During the six-month periods ended July 1, 2006 and July 2, 2005, the Company issued 0.1 million and 0.1 million shares, respectively under the ESPP. At July 1, 2006, 3.0 million shares were available for issuance under the ESPP.

**Employee Stock Option Plans**

As of July 1, 2006, the Company had five stock incentive plans: the Entegris, Inc. 1999 Long-Term Incentive and Stock Option Plan (the 1999 Plan), the Entegris, Inc. Outside Directors' Option Plan (the Directors' Plan) and three former Mykrolis stock option plans assumed by the Company on August 10, 2005: The 2001 Equity Incentive Plan (the 2001 Plan), the 2003 Employment Inducement and Acquisition Stock Option Plan (the Employment Inducement Plan) and the 2001 Non-Employee Director Stock Option Plan (the 2001 Directors Plan). At present, the Company intends to issue new common shares upon the exercise of stock options under each of these plans. The plans are described in more detail below.

*1999 Plan:* The 1999 Plan provides for the issuance of share-based and other incentive awards to selected employees, directors, and other persons (including both individuals and entities) who provide services to the Company or its affiliates. Under the 1999 Plan, the Board of Directors determines the number of shares for which each option is granted, the rate at which each option is exercisable and whether restrictions will be imposed on the shares subject to the awards. Under the 1999 Plan, the term of options shall be ten years, they become exercisable ratably in 25% increments over the 48 months following grant and the exercise price for shares shall not be less than 100% of the fair market value of the common stock on the date of grant of such option.

*The Directors' Plan and the 2001 Directors Plan:* The Directors' Plan provides for the grant to each outside director of an option to purchase 15,000 shares on the date the individual becomes a director and for the annual grant to each outside director, at the choice of the Directors' Plan administrator (defined as the Board of Directors or a committee of the Board), of either an option to purchase 9,000 shares, or a restricted stock award of up to 3,000 shares. Options are exercisable six months subsequent to the date of grant. Under the Directors' Plan, the term of options shall be ten years and the exercise price for shares shall not be less than 100% of the fair market value of the common stock on the date of grant of such option. The 2001 Directors Plan provides for the grant to each newly elected eligible director of options to purchase 15,000 shares of common stock on the date of his or her first election and for the annual grant of options to purchase 10,000 shares of common stock for each subsequent year of service as a director. The exercise price of the stock options may not be less than the fair market value of the stock at the date of grant. On August 10, 2005 the Company's Board of Directors determined that the equity compensation paid to non-employee directors would be an aggregate of 10,000 shares of restricted stock per annum, inclusive of the amounts specified in the above described plans.

*2001 Plan:* The 2001 Plan provides for the issuance of share-based and other incentive awards to selected employees, directors, and other persons (including both individuals and entities) who provide services to the Company or its affiliates. The 2001 Plan has a term of ten years. Under the 2001 Plan, the Board of Directors determines the term of each option, option price, number of shares for which each option is granted, whether restrictions will be imposed on the shares subject to options, and the rate at which each option is exercisable. The exercise price for incentive stock options may not be less than the fair market value per share of the underlying common stock on the date granted (110% of fair market value in the case of holders of more than 10% of the voting stock of the Company). The 2001 Plan contains an "evergreen" provision, which increases the number of shares in the pool of options available for grant annually by 1% of the number of shares of common stock outstanding on the date of the Annual Meeting of Stockholders or such lesser amount determined by the Board of Directors. Under NASDAQ rules new grants and awards under the 2001 Plan may only be made to employees and directors of Mykrolis prior to the merger or who were hired by the Company subsequent to the merger.

*Employment Inducement Plan:* The Employment Inducement Plan is a non-shareholder approved plan that provides for the issuance of stock options and other share-based awards to newly-hired employees and to employees of companies acquired by the Company. The Employment Inducement Plan has a term of ten

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

**Millipore Plan**

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

**General Option Information**

Option activity for the 1999 Plan and the Directors' Plan for the six months ended July 1, 2006 is summarized as follows (share and aggregate intrinsic value amounts in thousands):

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Options outstanding, beginning of period | 8,501 | $ 7.35 | | |
| Granted | — | | | |
| Exercised | (643) | $ 4.77 | | |
| Canceled | (74) | $ 10.95 | | |
| Options outstanding, end of period | 7,784 | $ 7.53 | 5.1 | $19,188 |
| Options exercisable | 7,309 | $ 7.55 | 5.0 | $18,050 |

Option activity for the 2001 Plan, the Employment Inducement Plan, the 2001 Directors Plan and the Millipore plan for the six months ended July 1, 2006 is summarized as follows (share and aggregate intrinsic value amounts in thousands):

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Options outstanding, beginning of period | 7,998 | $ 8.53 | | |
| Granted | — | | | |
| Exercised | (680) | $ 7.25 | | |
| Canceled | (428) | $ 9.61 | | |
| Options outstanding, end of period | 6,890 | $ 8.59 | 3.7 | $10,631 |
| Options exercisable | 6,314 | $ 8.65 | 3.6 | $ 9,740 |

The total number of shares available for future grant under the Company's stock option plans was 5.4 million at July 1, 2006. For all plans, the total pretax intrinsic value of stock options exercised during the six months ended July 1, 2006 was $6.3 million. The aggregate intrinsic value in the preceding tables represent the total pretax intrinsic value, based on the Company's closing stock price of $9.53 as of July 1, 2006, which theoretically could have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable as of July 1, 2006 was 9.3 million.

During the three months ended July 1, 2006, the Company received cash from the exercise of stock options totaling $8.0 million and received cash of $0.7 million in employee contributions to the Entegris, Inc. Employee Stock Purchase Plan. There was no excess tax benefit for the tax deductions related to stock options and restricted stock awards during the quarter ended July 1, 2006.

**Restricted Stock Awards**

Restricted stock awards are awards of common stock that are subject to restrictions on transfer and to a risk of forfeiture if the awardee leaves the Company's employ prior to the lapse of the restrictions. The value of such stock was established by the market price on the date of the grants. Compensation expense is being recorded over the applicable restricted stock vesting periods, generally four years, using graded vesting. A summary of the Company's restricted stock activity as of July 1, 2006 and changes during the six months ended July 1, 2006 is presented in the following table:

| | Shares | Weighted Average Grant Date Fair Value | Weighted Average Remaining Contractual Term |
|---|---|---|---|
| Unvested, beginning of period | 1,526 | $ 11.03 | 3.1 |
| Granted | 1,123 | $ 10.46 | |
| Vested | (258) | $ 11.23 | |
| Forfeited | (41) | $ 10.88 | |
| Unvested, end of period | 2,350 | $ 10.38 | 2.8 |

During the first six months of 2006, Entegris, Inc. also made awards of restricted stock to be issued upon the achievement of performance conditions (Performance Shares) under the Company's stock incentive plans to certain officers and other key employees. Up to 0.9 million shares, 25% of which will be awarded each of the next four years, if and to the extent that financial performance criteria for fiscal years 2006 through 2009 are achieved. The number of performance shares earned in a given year may vary based on the level of achievement of financial performance objectives for that year. If the Company's performance for a year fails to achieve the specified performance threshold, then the performance shares allocated to that year are forfeited. Each annual tranche will have its own service period beginning at the date (the grant date) at which the Board of Directors establishes the annual performance targets for the applicable year. Once earned, Performance Shares are fully vested with no restrictions. Compensation expense to be recorded in connection with the Performance Shares will be based on the grant date fair value of the Company's common stock. Awards of Performance Shares are expensed over the service period based on an evaluation of the probability of achieving the performance objectives.

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

The following table summarizes share-based compensation expense related to employee stock options, restricted stock awards and grants under the employee stock purchase plan under SFAS 123(R) for the three months ended July 1, 2006 that was allocated as follows (in thousands):

| | Six Months Ended July 1, 2006 |
|---|---|
| Cost of sales | $ 1,500 |
| Engineering, research and development | 120 |
| Selling, general and administrative | 6,726 |
| Share-based compensation expense included in operating expenses | 6,846 |
| Share-based compensation expense | 8,346 |
| Tax benefit | 3,138 |
| Share-based compensation expense, net of tax | $ 5,208 |

Share-based compensation expense recognized for the three and six months ended July 2, 2005 was $0.6 million and $1.1 million, respectively.

As of July 1, 2006 total compensation cost related to nonvested stock options and restricted stock awards not yet recognized was $19.3 million that is expected to be recognized over the next 14.7 months on a weighted-average basis. These figures exclude restricted stock awards for which performance criteria have yet to be determined and, accordingly, grant dates for those awards have not been established.

No stock option grants were made to employees during the six months ended July 1, 2006. Prior to the adoption of SFAS 123(R), the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial information in accordance with SFAS 123.

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

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

| | Three Months Ended July 2, 2005 | Six Months Ended July 2, 2005 |
|---|---|---|
| Net income, as reported | $ 5,670 | $ 12,739 |
| Add share-based compensation expense included in reported net earnings, net of tax of $217 and $431, respectively | 360 | 714 |
| Deduct share-based compensation expense under the fair value based method for all awards, net of tax | (1,620) | (3,263) |
| Pro forma net earnings | $ 4,410 | $ 10,190 |
| Basic earnings per common share, as reported | $ 0.08 | $ 0.17 |
| Pro forma basic earnings per common share | $ 0.06 | $ 0.14 |
| Diluted earnings per common share, as reported | $ 0.07 | $ 0.17 |
| Pro forma diluted earnings per common share | $ 0.06 | $ 0.13 |

For employee stock options granted during the six months ended July 2, 2005, the Company determined pro forma compensation expense under the provisions of SFAS No. 123 using the Black-Scholes pricing model and the following assumptions: 1) an expected dividend yield of 0%, 2) an expected stock price volatility of 75%, 3) a risk-free interest rate of 3.5% and 4) an expected life of 6 years. The weighted average fair value of options granted during the first six months of 2005 was $6.27.

4. INVENTORIES

Inventories consist of the following (in thousands):

| | July 1, 2006 | December 31, 2005 |
|---|---|---|
| Raw materials | $ 32,813 | $ 27,998 |
| Work-in process | 6,255 | 3,926 |
| Finished goods | 61,267 | 37,051 |
| Supplies | 593 | 560 |
| Total inventories | $100,928 | $ 69,535 |

5. EARNINGS PER SHARE

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 1, 2006 | July 2, 2005 | July 1, 2006 | July 2, 2005 |
| Basic earnings per share-weighted common shares outstanding | 137,445 | 73,544 | 137,167 | 73,484 |
| Weighted common shares assumed upon exercise of stock options | 3,176 | 2,058 | 3,345 | 2,049 |
| Diluted earnings per share-weighted common shares and common shares equivalent outstanding | 140,621 | 75,602 | 140,512 | 75,533 |

6. INTANGIBLE ASSETS AND GOODWILL

As of July 1, 2006, goodwill amounted to $401.5 million, about $2.8 million lower than the balance at December 31, 2005. The decrease mainly reflected changes to goodwill in connection with various purchase price adjustments related to the August 2005 Mykrolis acquisition. The Mykrolis purchase price has been preliminarily allocated based on estimates of the fair values of assets acquired and liabilities assumed. The final valuation of net assets, except for certain tax matters, is expected to be completed in the third calendar quarter of 2006.

The changes to the carrying amount of goodwill for the six months ended July 1, 2006 are as follows:

| *(In thousands)* | Six Months Ended July 1, 2006 |
|---|---|
| Beginning of period | $ 404,300 |
| Adjustments to Mykrolis purchase price allocation | (2,867) |
| Foreign currency translation adjustment | 101 |
| End of period | $ 401,534 |

Other intangible assets, net of amortization, of $80.0 million as of July 1, 2006, are being amortized over useful lives ranging from 2 to 10 years and are as follows (in thousands):

| | As of July 1, 2006 | | |
|---|---|---|---|
| *(In thousands)* | Gross carrying amount | Accumulated amortization | Net carrying value |
| Patents | $ 17,978 | $ 10,253 | $ 7,725 |
| Unpatented technology | 9,844 | 4,968 | 4,876 |
| Developed technology | 38,500 | 7,714 | 30,786 |
| Trademarks and trade names | 9,000 | 2,061 | 6,939 |
| Customer relationships | 28,000 | 2,761 | 25,239 |
| Employment and noncompete agreements | 5,818 | 4,613 | 1,205 |
| Other | 6,017 | 3,230 | 2,787 |
| | $ 115,157 | $ 35,600 | $ 79,557 |

Aggregate amortization expense for the three and six months ended July 1, 2006 amounted to $4.5 million and $9.1 million, respectively. Estimated amortization expense for calendar years 2006 to 2010 and thereafter is approximately $18.2 million (including amortization of $9.1 million recorded for the six months ended July 1, 2006), $17.8 million, $16.0 million, $13.9 million, $8.5 million and $14.1 million, respectively.

## 7. WARRANTY

The following table summarizes the activity related to the product warranty liability for the three months and six months ended July 1, 2006 and July 2, 2005 (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 1, 2006 | July 2, 2005 | July 1, 2006 | July 2, 2005 |
| Balance at beginning of period | $ 2,298 | $ 2,084 | $ 2,111 | $2,069 |
| Accrual for warranties during the period | 361 | 568 | 1,078 | 1,087 |
| Adjustment of unused previously recorded accruals | (337) | (650) | (409) | (730) |
| Settlements during the period | (558) | (432) | (1,016) | (856) |
| Balance at end of period | $ 1,764 | $ 1,570 | $ 1,764 | $1,570 |

## 8. RESTRUCTURING COSTS

On November 29, 2005, the Company announced that during 2006 it would close its manufacturing plant located in Bad Rappenau, Germany and relocate the production of products made in that facility to other existing manufacturing plants located in the United States and Asia. In addition, the Company is moving its Bad Rappenau administrative center to Dresden, Germany. In connection with these actions, the Company expects estimated charges of $6.6 million for employee severance and retention costs (generally over the employees' required remaining term of service) and asset impairment and accelerated depreciation.

Restructuring costs for the three and six months ended July 1, 2006 totaled $1.8 million and $4.3million, respectively. These amounts consisted of $1.6 million and $3.4 million, respectively, for severance and retention, mainly classified as selling, general and administrative expense, and $0.1 million and $0.9 million, respectively, for other costs, primarily fixed asset write-offs and accelerated depreciation, classified in cost of sales.

For the six months ended July 1, 2006, the Company's provisions and payments associated with the employee severance and retention costs of the Bad Rappenau restructuring activity were as follows:

| | Employee-related costs |
|---|---|
| Balance at December 31, 2005 | $ 568 |
| Provision | 3,407 |
| Payments | (2,482) |
| Balance at July 1, 2006 | $ 1,493 |

## 9. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2005, the FASB issued FASB Statement No. 154, *Accounting Changes and Error Corrections* (SFAS No. 154), which replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. SFAS No. 154 requires retrospective application of changes in accounting principles to prior periods' financial statements as of the earliest date practicable. This statement also redefines "restatement" as the revision of previously issued financial statements to reflect the correction of an error. The provisions of SFAS No. 154 were adopted in the current period with no material effect on the Company's consolidated financial statements.

In November 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FAS 115-1 and FSP FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to*

*Certain Investments*, which amends FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*. FSP FAS 115-1 and FSP FAS 124-1 provide guidance for determining whether impairments of certain debt and equity investments are deemed other-than-temporary. The provisions of FSP FAS 115-1 and FSP FAS 124-1 are effective for reporting periods beginning after December 15, 2005. No material impact on the Company's financial statements resulted from the adoption of this standard.

In July 2006, the FASB issued FASB Interpretation ("FIN") 48, Accounting for Uncertainly in Income Taxes. FIN 48 defines the threshold for recognizing the benefits of tax positions in the financial statements as "more-than-not" to be sustained upon examination. The interpretation also provides guidance on the de-recognition, measurement and classification of income tax uncertainties, along with any related interest penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 15, 2006. The differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 28 and the amounts reported after adoption will be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. Because the guidance was recently issued, the Company has not yet determined the impact on its financial statements, if any, of adopting the provisions of FIN 48.

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

**Overview**

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

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

With the merger with Mykrolis Corporation, the Company added liquid and gas filters, liquid delivery systems, components and consumables used to precisely measure, deliver, control and purify the process liquids, gases and chemicals that are used in the semiconductor manufacturing process to its materials integrity management product offerings. This combined offering represents a diverse product portfolio that includes more than 13,000 standard and customized products that we believe provide the most comprehensive offering of materials integrity management products and services to the microelectronics industry. Entegris' materials integrity management products purify, protect and transport critical materials in the semiconductor manufacturing process.

Effective December 13, 2005, the Company changed its fiscal year-end from a 52-week or 53-week fiscal year period ending on the last Saturday of August to December 31. The Company's new fiscal quarters consist of 13 week periods that end on Saturday. The Company's fiscal quarters in 2006 end on April 1, 2006, July 1, 2006, September 30, 2006 and December 31, 2006. Unaudited information for the three and six months ended July 1, 2006, the comparable periods of 2005, and the financial position as of July 1, 2006 and December 31, 2005 are included in this Quarterly Report on Form 10-Q. Audited information for the transition period August 28, 2005 through December 31, 2005 will be included in the Company's Annual Report on Form 10-K to be filed for the Company's fiscal year ending December 31, 2006.

**Forward-Looking Statements**

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

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

- ***The level of sales*** Since a large portion of the Company's product costs (excepting raw materials, purchased components and direct labor) are largely fixed in the short/medium term, an increase or decrease in sales affects gross profits and overall profitability significantly. Also, increases or decreases in sales and operating profitability affects certain costs such as short-term variable compensation which is highly variable in nature.
- ***The variable margin on sales*** The Company's variable gross profit is determined by selling prices, and the direct costs of manufacturing and raw materials. This is also affected by a number of factors, which include the Company's sales mix, purchase prices of raw material, especially resin, purchased components, competition, both domestic and international, direct labor costs, and the efficiency of the Company's production operations, among others.

- ***The Company's fixed cost structure*** Increases or decreases in sales have a large impact on profitability. There are a number of large fixed or semi-fixed cost components, which include salaries, indirect labor, and benefits, and depreciation and amortization. It is not possible to vary these costs easily and in the short term as volumes fluctuate. Thus changes in sales volumes can affect the usage and productivity of these cost components and can have a large effect on the Company's results of operations.

**Overall Summary of Financial Results for the Three and Six Months Ended July 1, 2006**

For the three months ended July 1, 2006, net sales increased 104% to $180.7 million from the comparable period last year, principally driven by the inclusion of sales of approximately $81 million from Mykrolis. The sales comparison is adversely affected by approximately $2.7 million due to the year-over-year weakening of international currencies versus the U.S. dollar over the period, most notably the Japanese yen. Sales were up 15% on a sequential basis over the first quarter of calendar 2006. Reflecting the year-over-year sales increase, the Company reported higher gross profit and improved gross margins.

For the six-month period ended July 1, 2006, net sales increased 94% to $338.4 million from the comparable period last year, principally driven by the inclusion of sales of approximately $153 million from Mykrolis. The sales comparison is adversely affected by approximately $6.2 million due to the year-over-year weakening of international currencies versus the U.S. dollar. Primarily due to the year-over-year sales increase, the Company reported higher gross profit and improved gross margins.

The Company's selling, general and administrative (SG&A) costs increased by $28.3 million and $56.4 million for the three-month and six-month periods, respectively, which was mainly the result of the Mykrolis merger. These costs included the addition of SG&A expenses associated with Mykrolis' infrastructure and increased amortization of intangibles and costs incurred by the Company in connection with the integration activities associated with the merger.

The Company reported income from continuing operations of $18.4 million for the three-month period compared to income from continuing operations of $6.4 million in the year ago three-month period, while income from continuing operations of $28.2 million for the six-month period compared to income from continuing operations of $14.2 million in the year ago six-month period.

During the six months ended July 1, 2006, the Company generated cash of $26.9 million from operations as the cash generated by the Company's net earnings and non-cash charges exceeded increases in accounts receivable and inventory. Cash, cash equivalents and short-term investments were $311 million at July 1, 2006, compared with $274 million at December 31, 2005.

On September 12, 2005, the Company announced that it would divest its gas delivery, life science and tape and reel product lines. The life science and tape and reel product lines divestitures were completed in December 2005; the gas delivery divestiture was completed in February 2006 for net proceeds of $13.1 million. The assets and liabilities, and operating results of, the businesses divested have been classified as discontinued operations for all periods presented.

**Critical Accounting Policies**

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

**Net Sales**

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

**Accounts Receivable-Related Valuation Accounts.**

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

The Company provides an allowance for doubtful accounts for all individual receivables judged to be unlikely for collection. For all other accounts receivable, the Company records an allowance for doubtful accounts based on a combination of factors. Specifically, management considers the age of receivable balances and historical bad debts write-off experience when determining its allowance for doubtful accounts. The Company's allowance for doubtful accounts was $1.8 million and $1.4 million at July 1, 2006 and December 31, 2005, respectively.

An allowance for sales returns and allowances is established based on historical trends and current trends in product returns. At July 1, 2006 and December 31, 2005, the Company's reserve for sales returns and allowances was $1.6 million and $1.3 million, respectively.

**Inventory Valuation** The Company uses certain estimates and judgments to properly value inventory. In general, the Company's inventories are recorded at the lower of manufacturing cost or market value. Each quarter, the Company evaluates its ending inventories for obsolescence and excess quantities. This evaluation includes analyses of inventory levels, historical write-off trends, expected product lives, and sales levels by product. Inventories that are considered obsolete are written off or a full valuation allowance is recorded. In addition, valuation allowances are established for inventory quantities in excess of forecasted demand. Inventory valuation allowances were $11.2 million and $8.1 million at July 1, 2006 and December 31, 2005, respectively.

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

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

The Company assesses the impairment of indefinite life intangible assets and related goodwill at least annually, or whenever events or changes in circumstances indicate that the carrying value may not be

recoverable. Factors considered important which could trigger an impairment review, and potentially an impairment charge, include the following:

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

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

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

The Company has significant amounts of deferred tax assets. Management reviews its deferred tax assets for recoverability on a quarterly basis and assesses the need for valuation allowances. These deferred tax assets are evaluated by considering historical levels of income, estimates of future taxable income streams and the impact of tax planning strategies. A valuation allowance is recorded to reduce deferred tax assets when it is determined that it is more likely than not that the Company would not be able to realize all or part of its deferred tax assets. The Company carried a valuation allowance of $0.6 million and $2.2 million against its deferred tax assets at July 1, 2006 and December 31, 2005, respectively, in connection with a portion of a capital loss carryforward that more likely than not will not be realized. The change in the valuation allowance resulted from the resolution of a matter with respect to the characterization of certain gains and losses.

**Warranty Claims Accrual**

The Company records a liability for estimated warranty claims. The amount of the accrual is based on historical claims data by product group and other factors. Estimated claims could be materially different from actual results for a variety of reasons, including a change in product failure rates and service delivery costs incurred in correcting a product failure, manufacturing changes that could impact product quality, or unrecognized defects in products sold. At July 1, 2006 and December 31, 2005, the Company's accrual for estimated future warranty costs was $1.8 million and $2.1 million, respectively.

**Business Acquisitions**

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

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

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

**Share-based Compensation Expense**

Statement of Financial Accounting Standards No. 123 (revised 2004*), Share-Based Payment*, (SFAS 123(R)) requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (ESPP) based on estimated fair values. Share-based compensation expense recognized under SFAS 123(R) for the three and six months ended July 1, 2006 was $4.1 million and $8.3 million, respectively, which consisted of share-based compensation expense related to employee stock options, restricted stock awards and grants under the employee stock purchase plan, as well as share-based compensation expense related to the Mykrolis acquisition.

Under SFAS 123(R), the Company must estimate the value of employee stock options and restricted stock on the date of grant. Prior to the adoption of SFAS 123(R), the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial information in accordance with SFAS 123. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the expected stock price volatility over the term of the awards, risk-free interest rate and dividend yield assumptions, and actual and projected employee stock option exercise behaviors and forfeitures. Restricted stock and restricted stock unit awards are valued based on the Company's stock price on the date of grant.

Because share-based compensation expense recognized in the Consolidated Statement of Operations for the three and six months ended July 1, 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience. If factors change and the Company employs different assumptions in the application of SFAS 123(R) in future periods, the compensation expense recorded under SFAS 123(R) may differ significantly from what was recorded in the current period.

**Three and Six Months Ended July 1, 2006 Compared to Three and Six Months Ended July 2, 2005**

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 1, 2006 | July 2, 2005 | July 1, 2006 | July 2, 2005 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales | 51.8 | 59.9 | 52.7 | 58.8 |
| Gross profit | 48.2 | 40.1 | 47.3 | 41.2 |
| Selling, general and administrative expenses | 28.8 | 26.7 | 30.7 | 27.3 |
| Engineering, research and development expenses | 5.7 | 5.6 | 5.7 | 4.8 |
| Operating income | 13.8 | 7.9 | 10.8 | 9.1 |
| Interest income, net | 1.0 | 0.8 | 1.2 | 0.7 |
| Other income, net | 0.4 | 1.2 | 0.5 | 1.7 |
| Income before income taxes and other items below | 15.3 | 9.9 | 12.5 | 11.5 |
| Income tax expense | 5.2 | 2.6 | 4.2 | 3.2 |
| Equity in net (income) loss of affiliates | (0.1) | 0.1 | (0.1) | 0.1 |
| Income from continuing operations | 10.2 | 7.2 | 8.3 | 8.2 |
| Effective tax rate | 33.8% | 26.6% | 33.5% | 28.1% |

**Net sales** Net sales were $180.7 million for the three months ended July 1, 2006, up 104% compared to $88.8 million in the three months ended July 2, 2005. Sales from Mykrolis operations were approximately $81 million and accounted for 88% of the overall year-over-year increase. On a geographic basis, total sales to North America were 30%, Asia Pacific 32%, Europe 16% and Japan 22% for the second quarter.

Sequentially, sales for the quarter were 15% higher than the first quarter of fiscal 2006. Net sales for the first six months of fiscal 2006 were $338.4 million, up 94% from $174.4 million in the comparable year-ago period. Sales from Mykrolis operations were approximately $153 million and accounted for 93% of the overall year-over-year increase.

Net sales for the three months and six months ended July 1, 2006 included unfavorable foreign currency effects, primarily related to the weakening of international currencies versus the U.S. dollar, most notably the Japanese yen, in the amounts of $2.7 million and $6.2 million, respectively.

Demand drivers for the Company's business primarily are comprised of semiconductor fab utilization and production (unit-driven) as well as capital spending for new or upgraded semiconductor fabrication facilities (capital-driven). The Company analyzes sales of its products by these two key drivers. Both unit-driven and capital-driven sales increased as compared with the first quarter of 2006 and the prior year comparable period.

Sales of unit driven products represented 58% of sales and capital-driven products represented 42% of total sales in the quarter ended July 1, 2006. This ratio compares to a 59%/41% unit-driven vs. capital-driven split for the prior three months ended April 1, 2006 and a 63%/37% ratio for the three months ended December 2005.

Sales of unit-driven products increased due to continued high levels of semiconductor fab utilization and production as well as strong demand for data storage components. Unit-driven products have average lives of less than 18 months or need to be replaced based on usage levels. These products include liquid filters, wafer shippers, chip trays and data storage components. Contributing to the growth in unit-driven products this past quarter were liquid filters used in the photolithography and wet, etch and clean processing, data storage components used to ship 65mm and 95mm disk drives and wafer shippers used to ship raw wafers, particularly at wafer sizes of 150mm and below.

Sales of capital driven products increased due to the continued strong demand for semiconductor fab capacity addition and new tool production over the first two quarters of 2006. These products include wafer process carriers as well as gas micro contamination control systems and fluid handling systems used in photolithography applications. Contributing to the growth in capital-driven products this past quarter were higher demand for liquid system dispense pumps used in the photolithography process, integrated liquid flow controllers used in various processes around the fab and gas micro contamination control products utilized in the continued deployment of advanced photolithography processes.

**Gross profit** Gross profit in the three months ended July 1, 2006 increased by $51.5 million to $87.1 million, an increase of 144% from the $35.6 million for the three months ended July 2, 2005. The gross margin percentage for the second quarter of 2006 was 48.2% versus 40.1% for the three months ended July 2, 2005.

For the first six months of 2006, gross profit was $160.1 million, up 123% from $71.9 million recorded in the first six months of 2005. As a percentage of net sales, gross margins for the third quarter and first six months of the year were 47.3% compared to 41.2% in the comparable period a year ago.

The gross profit increases for both the three-month and six-month period were mainly due to the addition of the Mykrolis operation, particularly the inclusion of sales of gas micro contamination and liquid micro contamination product lines as these products typically carry higher gross margins than the Company's other products. The Company benefited also from improved sales levels resulting in improved utilization of its manufacturing facilities. Although prices for raw materials were relatively stable sequentially, on a year-over-year basis the Company's gross margin was affected by higher material costs for certain products.

Gross profit in 2006 was reduced by costs of $0.2 million and $2.3 million associated with the consolidation of manufacturing facilities in the U.S., Germany and Japan for the second quarter and year-to-date, respectively. Offsetting these charges to the year-to-date 2006 gross profit was a gain of $0.7 million on the sale of a facility during the second quarter.

During 2005, the Company realigned some of its production and administrative activities. Out-of-pocket expenses of $0.2 million were incurred in the second quarter of 2005. In addition, the Company recorded $0.8 million in accelerated depreciation associated with assets sold or abandoned at the completion of the realignment activities in the second quarter.

**Selling, general and administrative expenses**. Selling, general and administrative (SG&A) expenses increased $28.3 million, or 119%, to $52.0 million in the three months ended July 1, 2006, up from $23.7 million in the comparable three-month period a year earlier. SG&A expenses, as a percent of net sales, rose to 28.8% from 26.7% a year earlier. On a year-to-year basis, SG&A expenses rose by $56.4 million, or 118% to $104.0 million compared to $47.6 million a year earlier. On a year-to-date basis, SG&A costs, as a percent of net sales, increased to 30.7% from 27.3% a year ago.

The increases in SG&A costs reflect the addition of SG&A expenses associated with Mykrolis' infrastructure and increased amortization of intangibles ($3.5 million for the quarter, $7.0 million year-to-date), as well as costs incurred by the Company in connection with the integration activities associated with the Mykrolis merger ($2.8 million for the quarter; $6.4 million year-to-date). The costs included in the latter category generally relate to expenses incurred to integrate Mykrolis' operations and systems into the Company's pre-existing operations and systems. These costs include, but are not limited to, the integration of information systems, employee benefits and compensation, accounting/finance, tax, treasury, risk management, compliance, administrative services, sales and marketing and other functions and includes severance and retention costs. The quarter and year-to-date increases in SG&A expenses also include incremental share-based compensation expense of $2.8 million and $5.8 million, respectively.

As expected, the Company incurred higher than normal SG&A costs through the middle of calendar 2006, primarily as a result of integration costs and related severance and retention costs. Although on a year-over-year basis, the Company expects that overall SG&A costs will be higher as the Company will have a full year of sales and operating expenses related to Mykrolis' operations, the Company expects that SG&A costs in the latter half of calendar 2006 will decline from the level of the two most recent quarters as a result of combining various sales, marketing and other corporate functions.

**Engineering, research and development expenses** Engineering, research and development (ER&D) expenses rose by $5.3 million, or 107%, to $10.2 million in the second quarter of fiscal 2006 as compared to $4.9 million for the same period in fiscal 2005. ER&D expenses increased $11.0 million, or 130% to $19.4 million in the first six months of 2006 as compared to $8.4 million in the year-ago period. The increases mainly reflect the inclusion of Mykrolis ER&D expenses. Year-to-date ER&D expenses, as a percent of net sales, increased to 5.7% from 4.8%. The Company continued to focus on the support of current product lines, and the development of new products and manufacturing technologies.

**Interest income, net** Net interest income was $1.9 million in the three months ended July 1, 2006 compared to $0.7 million in the year-ago period. Net interest income was $3.9 million in the first six months of 2006 compared to $1.2 million in year-ago period.

The increases reflect the higher rates of interest available on the Company's investments in short-term debt securities as well as the higher average net invested balance compared to the year-ago period, associated in part with the cash and short-term investments acquired in the Mykrolis merger.

**Income tax expense** The Company recorded income tax expense of $9.3 million for the second quarter of 2006 compared to income tax expense of $2.3 million for the second quarter a year earlier. For the first six months of 2006, the Company booked income tax expense of $14.1 million compared to income tax expense of $5.6 million in the comparable period in fiscal 2005.

The effective tax rate was 33.5% in the six-month 2006 period compared to 28.1% in the six-month 2005 period. In both periods, the Company's tax rate was lower than statutory rates due to the benefits associated with export activities and tax holidays.

**Discontinued operations** The Company's businesses classified as discontinued operations recorded nominal net operating losses in the three-month and six-month periods ended July 1, 2006. The year-to-date results of income from discontinued operations included a tax benefit of $1.6 million recorded in the first quarter of 2006 related to the change in the deferred tax asset valuation allowance resulting from the resolution of a matter with respect to the characterization of certain gains and losses.

**Net income** The Company recorded net income of $18.2 million, or $0.13 per diluted share, in the three-month period ended July 1, 2006 compared to net income of $5.7 million, or $0.07 per diluted share, in the three-month period ended July 2, 2005. The net earnings from continuing operations for the three-month period were $18.4 million, or $0.13 per diluted share, compared to net income of $6.4 million, or $0.08 per diluted share, in the year ago period.

For the six months ended July 1, 2006, the Company recorded net income of $29.5 million, or $0.21 per diluted share, compared to net income of $12.7 million, or $0.17 per diluted share, in the comparable period a year ago. The net earnings from continuing operations for the six-month period were $28.2 million, or $0.20 per diluted share, compared to net income of $14.2 million, or $0.19 per diluted share, in the year ago period. The after-tax earnings of discontinued operations in the first quarter of 2006 included a tax benefit of $1.6 million associated with a decrease in the company's deferred tax asset valuation allowance.

**Liquidity and Capital Resources**

**Operating activities** Cash provided by operating activities totaled $26.9 million in the six months ended July 1, 2006. Cash flow was provided by the Company's net earnings from continuing operations of $28.2 million and various non-cash charges, including depreciation and amortization of $22.6 million, and share-based compensation expense of $8.3 million. Offsetting such items was the impact of changes in operating assets and liabilities, including receivables and inventory increases aggregating $50.4 million.

Working capital at July 1, 2006 stood at $459.6 million, up from $394.4 million as of December 31, 2005, and included $311.3 million in cash, cash equivalents and short-term investments.

Accounts receivable, net of foreign currency translation adjustments, increased by $21.4 million, reflecting the increase in sales from the previous quarter. The Company's days sales outstanding stood at 67 days compared to 69 days at the beginning of the period. Inventories rose by $29.0 million from December 31, 2005 due to a general increase in production activity associated with higher order and sales levels, increases in inventories at various locations worldwide related to a change in distribution model and in order to improve customer delivery times, and the build of inventories in anticipation of certain manufacturing consolidation activities.

**Investing activities** Cash flow used in investing activities totaled $26.2 million in the six-month period ended July 1, 2006. Acquisition of property and equipment totaled $13.4 million, primarily for additions of facility expansions, manufacturing equipment, tooling and information systems. The Company expects total capital expenditures of approximately $35 million for calendar 2006.

The company made purchases of short-term investments, net of maturities, of $15.4 million during the period. Short-term investments stood at $146.9 million at July 1, 2006.

**Financing activities** Cash provided by financing activities totaled $5.9 million during the six-month period ended July 1, 2006. The Company made payments of $2.8 million on borrowings. No proceeds from new borrowings were received during the quarter. The Company received proceeds of $8.7 million in connection with common shares issued under the Company's stock option and employee stock purchase plans.

As of July 1, 2006, the Company's sources of available funds comprised $164.4 million in cash and cash equivalents, $146.9 million in short-term investments, as well as funds available under various credit facilities. Entegris has an unsecured revolving credit agreement with one domestic commercial bank with

aggregate borrowing capacity of $10 million, with no borrowings outstanding at July 1, 2006 and lines of credit with three international banks that provide for borrowings of currencies for the Company's overseas subsidiaries, equivalent to an aggregate of approximately $6.2 million. There were no borrowings outstanding on these lines of credit at July 1, 2006.

The Company's unsecured revolving credit agreement, which expires in May 2008, allows for aggregate borrowings of up to $10 million with interest at Eurodollar rates plus 0.875%. Under the unsecured revolving credit agreement, the Company is subject to, and is in compliance with, certain financial covenants requiring a leverage ratio of not more than 2.25 to 1.00. In addition, the Company must maintain a calculated consolidated tangible net worth, which, as of July 1, 2006, was $277 million, while also maintaining consolidated aggregate amounts of cash and cash equivalents (which under the agreement may also include auction rate securities classified as short-term investments) of not less than $75 million.

At July 1, 2006, the Company's shareholders' equity stood at $1,064.6 million, up from $1,012.8 million at the beginning of the period. This increase reflected the Company's net earnings of $29.5 million, the proceeds of $8.7 million received in connection with shares issued under the Company's stock option and stock purchase plans, and the increase in additional paid-in capital of $8.3 million associated with the Company's share-based compensation expense recorded during the period.

The Company expects to incur total expenses of up to $35 million in connection with the integration activities resulting from its August 2005 merger with Mykrolis, of which $32 million (approximately $25 million through December 31, 2005 and approximately $7 million in the six months ended July 1, 2006) was recorded through July 1, 2006. Entegris expects that upon completion of the integration activities the combined operations following the merger will ultimately provide annualized cost savings of approximately $20 million. The Company believes these cost synergies to be largely in place as of July 1, 2006.

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

**Cautionary Statements** This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should" and similar expressions are intended to identify these "forward-looking statements." 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, (i) risks associated with the challenges of integration, restructuring, manufacturing transfers, and achieving anticipated synergies associated with the merger of the Company with Mykrolis as well as with other acquisition and divestiture transactions; (ii) inability to meet rapidly increasing customer demand associated with an increase semiconductor industry spending; (iv) the transition to new products, the uncertainty of customer acceptance of new product offerings, and rapid technological and market change; (v) insufficient, excess or obsolete inventory; (vi) competitive factors, including but not limited to pricing pressures; and (vii) the risks described in the Company's Annual Report on Form 10-K for the fiscal year ended August 27, 2005 under the headings "Risks Relating to our Business and Industry", "Risks Associated with our Merger", "Manufacturing Risks", "International Risks", and "Risks Related to the Securities Markets and Ownership of our Securities" 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.

## Item 3: Quantitative and Qualitative Disclosures About Market Risk

Entegris' principal financial market risks are sensitivities to interest rates and foreign currency exchange rates. The Company's interest-bearing cash equivalents and short-term investments, and long-term debt and short-term borrowings are subject to interest rate fluctuations. Most of its long-term debt at July 1, 2006 carries fixed rates of interest. The Company's cash equivalents and short-term investments are debt instruments with maturities of 24 months or less. A 100 basis point change in interest rates would potentially increase or decrease annual net interest income by approximately $1.9 million annually.

The cash flows and earnings of the Company's foreign-based operations are subject to fluctuations in foreign exchange rates. The Company occasionally uses derivative financial instruments to manage the foreign currency exchange rate risks associated with its foreign-based operations. At July 1, 2006, the Company was party to forward contracts to deliver Japanese yen, Taiwanese dollars, Singapore dollars, Malaysian ringgit, Korean won and Euros with notional values of approximately $13.4 million, $20.9 million, $2.5 million, $6.6 million, $3.4 million and $13.0 million, respectively.

## Item 4: Controls and Procedures

(a) *Evaluation of disclosure controls and procedures*. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that are filed or furnished under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities & Exchange Commission (SEC). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of management, including the chief executive officer and chief financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of July 1, 2006. Based on its evaluation and with the exception of the material weakness in internal control over financial reporting referenced below, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of July 1, 2006.

(b) *Changes in internal control over financial reporting*. There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation described above. As previously reported, the Company completed the integration of the former Mykrolis financial system operations onto the Company's SAP ERP platform during the first quarter ended April 1, 2006. The Company continues to evaluate the associated financial reporting controls to ensure the operating effectiveness of these controls.

As previously reported in the Company's Annual Report on Form 10-K, as filed with the Securities & Exchange Commission on November 22, 2005, in connection with the Company's assessment of the effectiveness of our internal control over financial reporting at the end of our last fiscal year, we identified a material weakness in our internal control over financial reporting as of August 27, 2005. This material weakness generally involved the failure of the Company to have effective policies and procedures, or personnel with sufficient knowledge of accounting for compensation related matters in purchase accounting transactions, to ensure that such transactions were accounted for in accordance with generally accepted accounting principles. Specifically, the Company's policies and procedures did not provide for effective identification of, and consideration of, terms in compensation arrangements that impact the accounting for compensation arrangements. Because of the material weakness described above, management concluded that (i) the Company did not maintain effective internal control over financial reporting as of August 27, 2005, based on the criteria established in "Internal Control - Integrated Framework" issued by COSO. The Company's registered independent public accounting firm concurred with management's conclusion as to this material weakness as of August 27, 2005.

Under the oversight of the Company's Audit & Finance Committee, management undertook the following actions to remediate this material weakness in the Company's internal control over financial reporting during the fiscal quarter ended November 26, 2005:

- We implemented additional review procedures over purchase accounting practices;
- We implemented additional review procedures over the selection and application of accounting policies and procedures.

Although the Company's remediation efforts were considered complete as of December 31, 2005, the Company's material weakness will not be considered remediated until the new internal controls have been able to be tested for operating effectiveness. As of July 1, 2006, a significant purchase accounting transaction had not been made since the material weakness was identified. Therefore, the remediated controls related to the material weakness have been unable to be tested, and management and the Company's registered independent public accounting firm have not been able to conclude that these controls are operating effectively.

## PART II

## OTHER INFORMATION

Item 1. Legal Proceedings

The following discussion provides information regarding certain litigation to which the Company was a party that were pending as of July 1, 2006. Information with respect to legal proceedings pending as of the end of the Company's fiscal year ended August 27, 2005 appears in the Company's Report on Form 10-K for the fiscal year ended August 27, 2005.

On April 6, 2006 the Company filed a lawsuit against Pall Corporation in the United States District Court for the District of Massachusetts alleging infringement of the Company's newly issued U.S. patent No. 7,021,667 by certain fluid separation systems and related assemblies used in photolithography applications that are manufactured and sold by the defendant. The Company's lawsuit also seeks a preliminary injunction preventing the defendant from the manufacture, use, sale, offer for sale or importation into the U.S. of the infringing products. This case is currently in the pleading stage.

As previously disclosed, on March 3, 2003 the Company's predecessor, Mykrolis Corporation, filed a lawsuit against Pall Corporation in the United States District Court for the District of Massachusetts alleging infringement of two of the Company's U.S. patents by certain fluid separation systems and related assemblies used in photolithography applications manufactured and sold by the defendant. The Company's lawsuit also sought a preliminary injunction preventing the defendant from the manufacture, use, sale, offer for sale or importation into the U.S. of any infringing product. On April 30, 2004, the Court issued a preliminary injunction against Pall Corporation and ordered Pall to immediately stop making, using, selling, or offering to sell within the U.S., or importing into the U.S., its PhotoKleen EZD-2 Filter Assembly products or "any colorable imitation" of those products. On January 18, 2005, the Court issued an order holding Pall Corporation in contempt of court for the violation of the preliminary injunction and ordering Pall to disgorge all profits earned from the sale of its PhotoKleen EZD-2 Filter Assembly products and colorable imitations thereof from the date the preliminary injunction was issued through January 12, 2005. In addition, Pall was also ordered to reimburse Mykrolis for certain of its attorney's fees associated with the contempt and related proceedings. The Court's order also dissolved the preliminary injunction, effective January 12, 2005, based on certain prior art cited by Pall which it alleged raised questions as to the validity of the patents in suit. On February 17, 2005, the Company filed notice of appeal to the U.S. Circuit Court of Appeals for the Federal Circuit appealing the portion of the Court's order that dissolved the preliminary injunction and Pall filed a notice of appeal to that court with respect to the finding of contempt and the award of attorneys' fees; these cross appeals are pending.

As previously disclosed, on December 16, 2005 Pall Corporation filed suit against the Company in U.S. District Court for the Eastern District of New York alleging patent infringement. Specifically, the suit alleges infringement of two of plaintiff's patents by two of the Company's filtration products. Both products and their predecessor products have been on the market for more than 10 years and one is covered by patents held by the Company. The Company believes that this action is without merit and intends to vigorously defend this suit and believes that it will ultimately prevail.

As previously disclosed, on June 28, 2005, the Company's predecessor, Entegris, Inc., a Minnesota corporation, filed a lawsuit against Miraial Co. Ltd. in the United States District Court for the District of Minnesota alleging the infringement, contributory infringement or inducement to infringe of five of the Company's U.S. patents relating to containers for transporting and storing silicon wafers used in the manufacture of semiconductors. On October 28, 2005 this case was transferred to the U.S. District Court for the Southern District of New York by stipulation of the parties. Effective May 25, 2006, Entegris, Inc. and Miraial Co. Ltd. entered into a Settlement and License Agreement with respect to this suit. Pursuant to this settlement agreement, on June 5, 2006 the parties filed a Stipulation and Proposed Order of Dismissal with the Court providing for the dismissal with prejudice of this litigation.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of the Stockholders of the Company was held on June 14, 2006. The only item submitted to the vote of security holders at that meeting was the election of ten nominees as directors each to serve for a one year term expiring at the 2007 Annual Meeting of Stockholders. As of the record date for this meeting, April 28, 2006, there were 139,167,429 shares of the Company's Common Stock issued and outstanding; proxies representing 132,689,187 shares were received. Set forth below is a tabulation of the votes cast for, against or withheld as well as broker non-votes and/or abstentions with respect to each nominee:

| | Number of Shares | |
|---|---|---|
| | For | Withheld |
| Election of Class III Directors: | | |
| Gideon Argov | 122,975,506 | 9,713,681 |
| Michael A. Bradley | 116,927,307 | 15,761,880 |
| Michael P.C. Carns | 123,156,920 | 9,532,267 |
| Daniel W. Christman | 120,030,005 | 12,659,182 |
| James E. Dauwalter | 120,954,354 | 11,734,833 |
| Gary K. Klingl | 123,242,815 | 9,446,372 |
| Roger D. McDaniel | 119,907,304 | 12,781,883 |
| Paul L.H. Olson | 118,407,686 | 14,281,501 |
| Thomas O. Pyle | 121,553,316 | 11,135,871 |
| Brian F. Sullivan | 121,511,975 | 11,177,212 |

Item 6. Exhibits

10.1 Tenth Amendment to Credit Agreement, dated as of February 25, 2005, among Entegris, Inc. and Norwest Bank Minnesota, N.A. and Harris Trust and Savings Bank

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CONFORMED COPY

SIGNATURES

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

ENTEGRIS, INC.

Date: August 8, 2006

/s/ John D. Villas

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

**Exhibit 10.1**

TENTH AMENDMENT TO CREDIT AGREEMENT

This Amendment, dated as of April 25, 2006, is made by and among ENTEGRIS, INC., a Delaware corporation, and successor by merger to Entegris, Inc., a Minnesota corporation (the "Borrower"), each of the banks appearing on the signature pages hereof, together with such other banks as may from time to time become a party to the Credit Agreement (defined below) pursuant to the terms and conditions of Article VIII of the Credit Agreement (herein collectively called the "Banks" and individually each called a "Bank"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, assignee of Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association in its separate capacity as administrative agent for itself and all other Banks (in such capacity, the "Agent").

Recitals

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

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

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

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

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

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

2.1 Definitions.

(a) The following definitions in Section 1.1 are amended as follows:

"'Cash and Cash Equivalents' means the amount, net of any right of setoff or reduction by any depositary or financial intermediary holding such assets, of the Borrower's assets consisting of readily available and marketable (a) investments described in Section 6.4(a), but without including any such investments included thereunder by reason of the final clause (which reads: 'and such other investments as the

Borrower shall request and the Banks shall approve in writing') (b) investments in short-term repricing auction rate securities, and variable rate demand notes, in each case meeting the ratings requirements of Section 6.4(a) (whether or not classified as current assets under GAAP), and (c) other assets that shall have been approved by the Agent as Cash and Cash Equivalents from time to time."

"'Leverage Ratio' of the Borrower and its Subsidiaries means, with respect to the applicable Covenant Computation Date, the ratio of (a) the consolidated Net Funded Debt of the Borrower and its Subsidiaries, to (b) EBITDA of the Borrower and its Subsidiaries for the Covenant Computation Period ending on such Covenant Computation Date."

(b) The following new definitions are added to Section 1.1:

"'Excess Cash and Cash Equivalents' means the amount of consolidated Cash and Cash Equivalents of the Borrower that exceed the requirements set forth in Section 5.12 hereof ($75,000,000, as of the date of the Tenth Amendment hereof)."

"'FX and Currency Option Obligations' means any and all obligations of the Borrower and its Subsidiaries, whether absolute or contingent and howsoever and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under any and all agreements, devices or arrangements designed to protect the Borrower or any Subsidiary from variations in the comparative value of currencies, including foreign exchange purchase and future purchase transactions, currency options, currency swaps and cross currency rate swaps. A transaction giving rise to an FX and Currency Option Obligation shall not be deemed to also give rise to a Rate Hedging Obligation."

"'Net Funded Debt' of the Borrower and its Subsidiaries means the consolidated Funded Debt of the Borrower and its Subsidiaries as of the relevant Covenant Computation Date less the consolidated Excess Cash and Cash Equivalents of the Borrower and its Subsidiaries as of such Covenant Computation Date."

2.2 Representations, Warranties and Schedules. Article IV is amended as follows:

(a) The last two sentences of Section 4.1 are deleted, and Schedule 4.1 is deleted. For convenience of reference, such sentences read as follows:

> "Within the last twelve (12) months, the Borrower and each of its Subsidiaries has done business solely under the names set forth in Schedule 4.1 hereto. The chief executive office and principal place of business of the Borrower and each of its Subsidiaries is located at the address set forth in Schedule 4.1 hereto, and all of the records relating to the businesses of the Borrower and each of its Subsidiaries are kept at that location."

(b) Section 4.5 is amended by deleting "August 28, 2004" and "February 26, 2005" (as amended by the Eighth Amendment) and inserting "August 27, 2005" and "December 31, 2005", respectively, in place thereof.

(c) Schedules 4.4 (Subsidiaries and Affiliates), 4.6 (Litigation), 4.10 (ERISA Matters) and 4.12 (Environmental Matters) are updated and replaced by the respective schedules (similarly numbered) attached to this Amendment.

2.3 Reporting on Citibank Guaranty. Section 5.1(b) is amended by adding a clause (C) to clause (iii) thereof, which shall read as follows:

"and (C) whether the Borrower and its Subsidiaries are in compliance with the requirements set forth in Section 6.2 and copies of all guaranties issued as permitted by Section 6.3(e) and all amendments or changes to such guaranties, and any changes to the list of Subsidiaries covered by such guaranty or guaranties."

2.4 Minimum Tangible Net Worth. Section 5.10 is amended to read as follows:

"Section 5.10 Minimum Tangible Net Worth. The Borrower and its Subsidiaries, on a consolidated basis, will maintain a Tangible Net Worth of not less than the sum of (a) $262,000,000, plus (b) fifty percent (50%) of consolidated Net Income determined in accordance with GAAP (unless such amount is negative, in which case it shall be ignored for purposes of this Section) of the Borrower and its Subsidiaries, for each fiscal quarter of the Borrower ended prior to the time of determination, commencing with the first fiscal quarter of the Borrower ending March 31, 2006, plus (iii) one hundred percent (100%) of the net cash proceeds received by the Borrower and/or its Subsidiaries from any equity offering made by the Borrower and/or its Subsidiaries at any time on or after March 31, 2006.

For such purpose, 'net cash proceeds' shall mean Cash and Cash Equivalents received from any equity offering, whether at the time of such sale or issuance or subsequent thereto, net of all legal expenses, commissions and other fees and all costs and expenses directly related to such offering."

2.5 Minimum Cash and Cash Equivalents. Section 5.12 is amended to read as follows:

"Section 5.12 Minimum Cash and Cash Equivalents. The Borrower and its Subsidiaries, on a consolidated basis, will at all times own and maintain Cash and Cash Equivalents in an aggregate amount of not less than $75,000,000."

2.6 Indebtedness. Section 6.2 is amended to read as follows:

"Section 6.2. Indebtedness. The Borrower will not, and will not permit any Subsidiary to, incur, create, assume, permit or suffer to exist, any indebtedness or liability on account of deposits or advances or any indebtedness for borrowed money, or any other indebtedness or liability evidenced by notes, bonds, debentures or similar obligations (provided, that this Section is not intended to limit trade debt incurred in the ordinary course of business and not evidenced by a note), except:

(a) Obligations arising hereunder and indebtedness consisting of obligations arising in connection with performance for the Borrower and its Subsidiaries of banking services (including wire transfer, ACH, disbursement services, and overdraft lines of credit and guidelines) by the Agent;

(b) Capitalized Lease Liabilities and indebtedness of the Borrower or its Subsidiaries secured by security interests permitted by Section 6.1(f) in an aggregate amount not to exceed $10,000,000 at any time;

(c) Rate Hedging Obligations covering notional amounts not in the aggregate at any one time exceeding the greater of the following (with obligations denominated in currencies other than U.S. Dollars converted to U.S. Dollars equivalents at current spot market exchange rates available to the Agent): (i) $150,000,000, or (ii) actual outstanding indebtedness for borrowed money at any time of the Borrower and its Subsidiaries;

(d) FX and Currency Option Obligations covering notional amounts or gross purchase/sale commitments not exceeding $125,000,000 (or the equivalent in other currencies than U.S. Dollars, converted to U.S. Dollars at current spot market exchange rates available to the Agent) in the aggregate at any one time."

(e) Obligations not exceeding $150,000,000 at any time consisting of the following (with obligations denominated in currencies other than U.S. Dollars converted to U.S. Dollars equivalents at current spot market exchange rates available to the Agent): (i) indebtedness for borrowed money in foreign currencies, and (ii) indebtedness consisting of obligations arising in connection with performance for the Borrower and its Subsidiaries of banking services (including wire transfer, ACH, disbursement services, and overdraft lines of credit and guidelines) in foreign currencies;

(f) Indebtedness arising from Intercompany Loans; and

(g) Indebtedness or liabilities in an aggregate principal amount not to exceed $100,000,000 at any time consisting of (i) obligations on account of deposits or advances or indebtedness for borrowed money, or any other indebtedness or liability evidenced by notes, bonds, debentures or similar obligations, (ii) obligations and indebtedness described in the other subsections of this Section 6.2, exceeding the amounts otherwise permitted by such other subsections, and (iii) other obligations and indebtedness, including without limitation those incurred in connection with commodity hedging and other hedging transactions and derivatives."

2.7 Guaranties. Section 6.3 is amended by adding a semicolon at the end of paragraph (d), and adding a new paragraph (e) which shall read as follows:

"(e) a guaranty or guaranties given by the Borrower of obligations of Subsidiaries shown on Schedule A to the Tenth Amendment hereof (updated from time to time as provided in

Section 5.1(b)(iii)(C)) to Citibank, N.A. and it branches (and successors and assigns thereof), provided, that the obligations so guarantied arise in connection with indebtedness permitted by Section 6.2."

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

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

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

(c) A copy of any guaranty or guaranties issued as permitted by Section 6.3(e) of the Credit Agreement.

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

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

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

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

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

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

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

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

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

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

(signature page follows)

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

ENTEGRIS, INC.

By: /s/ John D. Villas
Title: Senior Vice President and Chief Financial Officer

and

By: ______________________
Title: ______________________

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

By: /s/ Jerome W. Fons
Title: Vice President

**EXHIBIT 31.1**

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

I, Gideon Argov, 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 that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2006

/s/ Gideon Argov

Gideon Argov
Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 31.2**

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

I, John D. Villas, 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2006

/s/ John D. Villas

John D. Villas
Chief Financial Officer
(Principal Financial and Accounting 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 Report on Form 10-Q (the "Report") of Entegris, Inc, a Minnesota corporation (the "Company"), for the period ended July 1, 2006 as filed with the Securities and Exchange Commission on the date hereof, I, Gideon Argov, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2006

/s/ Gideon Argov
Gideon Argov
Chief Executive Officer

**EXHIBIT 32.2**

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 Report on Form 10-Q (the "Report") of Entegris, Inc, a Minnesota corporation (the "Company"), for the period ended July 1, 2006 as filed with the Securities and Exchange Commission on the date hereof, I, John D. Villas, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2006

/s/ John D. Villas
John D. Villas
Chief Financial Officer