

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended August 25, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 000-30789

ENTEGRIS, INC.

\_\_\_\_\_  
(Exact name of registrant as specified in its charter)

Minnesota	41-1941551
-----	-----
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3500 Lyman Boulevard  
Chaska, Minnesota 55318

\_\_\_\_\_  
(Address of principal executive offices)

Registrant's telephone number, including area code: (952) 556-3131

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, \$0.01 Par Value

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10K or any amendment to this Form 10-K.

The aggregate market value of voting stock held by non-affiliates of the registrant, based on the last sale price of the Common Stock on October 31, 2001 as reported by the Nasdaq National Market, was approximately \$205 million. Shares held by each officer and director of the registrant and by each person who owns 5 percent or more of the outstanding Common Shares have been excluded from this computation in that such persons may be deemed to be affiliates of the registrant. This determination of affiliate status for this purpose is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's Common Stock, \$0.01 Par Value, as of October 31, 2001 was 69,741,714.

## DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2002 Annual General Meeting of Shareholders (the "Proxy Statement"), to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the Registrant's fiscal year ended August 25, 2001, are incorporated by reference into Part III of this report. (The Audit Committee Report, the Compensation and Stock Option Committee Report and the stock performance graph of the Registrant's Proxy Statement are expressly not incorporated by reference herein.)

Certain Exhibits filed with the registrant's Registration Statement on Form S-1, No.333-33668 filed with the Commission on July 10, 2000, are incorporated by reference into Part IV of this report.

## PART I

### ITEM 1. BUSINESS

#### Overview

Entegris, Inc. is a leading provider of materials management solutions that protect and transport the critical materials used in the semiconductor and other high technology industries, in particular, the semiconductor manufacturing and disk manufacturing markets. Our materials management solutions assure the integrity of materials as they are handled, stored, processed and transported throughout the semiconductor manufacturing process, from raw silicon wafer manufacturing to packaging of completed integrated circuits. These solutions enable our customers to protect their investment in work-in-process and finished devices by facilitating the safe handling, purity and precision processing of the critical materials used in their manufacturing process.

With over 10,000 standard and customized products, we believe we provide the most comprehensive portfolio of materials management products to the microelectronics industry. Our materials management products, such as wafer shippers, wafer transport and process carriers, pods and work-in-process boxes, preserve the integrity of wafers as they are transported from wafer manufacturers to semiconductor manufacturers, processed into finished wafers and integrated circuits and subsequently tested, assembled and packaged. We also provide chemical delivery products, such as valves, fittings, sensors, tubing, pipe and containers, that assure the consistent and safe delivery and storage of sophisticated chemicals between chemical manufacturers and semiconductor manufacturers' point-of-use.

We sell our products worldwide to over 1,000 customers, who represent a broad base of leading suppliers to the microelectronics industry. Our customers in the semiconductor industry include wafer manufacturers, chemical suppliers, equipment manufacturers, device manufacturers and assemblers. Our semiconductor customers include Applied Materials, Arch Chemicals, IBM, Infineon, Intel, Texas Instruments and TSMC. Our customers in data storage manufacturing include Fujitsu, IBM, Komag and Seagate Technology.

International sales represented approximately 48% of our sales in both fiscal 1999 and fiscal 2000, and 50% of our sales in fiscal 2001. We provide our customers with a worldwide network of sales and support personnel, which enable us to offer local service to our global customer base and assure the timely and cost-effective delivery of our products.

#### Industry Background

Semiconductors are the building blocks of today's electronics and the backbone of the information age. The market for semiconductors has grown significantly over the past several years. This long-term trend is expected to continue due to rapid growth in Internet usage and the continuing demand for applications in data processing, wireless communications, broadband infrastructure, personal computers, handheld electronic devices and other consumer electronics. As integrated circuit performance has increased and the size and cost have decreased, the use of semiconductors in these applications has grown significantly. According to the Semiconductor Industry Association, or SIA, while worldwide semiconductor revenues are expected to decline by 31% to \$141 billion from calendar year 2000 to calendar year 2001, they are expected to grow at a compound annual growth rate of 16% over the next three years to \$218 billion in 2004.

The semiconductor materials industry is comprised of a wide variety of materials and consumables that are used throughout the semiconductor production process. The extensive and complex process of turning bare silicon wafers into finished integrated circuits is dependent upon a variety of materials used repeatedly throughout the manufacturing process, such as silicon, chemicals, gases and metals. The handling of these materials during the integrated circuit manufacturing process requires the use of a variety of products, such as wafer shippers, wafer transport and process carriers, fluid and gas handling components and integrated circuit trays. Semiconductor unit volume is the primary driver of the demand for these materials and products because they are used or consumed throughout the production process and many are replenished or replaced on a regular basis. While influenced by capacity expansion, the semiconductor materials and materials management industries are less cyclical than the semiconductor capital equipment industries.

#### Semiconductor Manufacturing Process

Semiconductor manufacturing is highly complex and consists of two principal segments: front-end and back-end processes. The front-end process begins with the delivery of raw wafers from wafer manufacturers to semiconductor manufacturers. After the wafers are shipped to semiconductor manufacturers, they are processed into finished wafers. During the front-end process, raw wafers undergo a series of highly complex and sensitive manufacturing steps, during which a variety of materials, including chemicals and gases, are introduced. Once the front-end manufacturing process is completed, finished wafers are transferred to back-end manufacturers or assemblers. The back-end semiconductor manufacturing process consists of test, assembly and packaging of finished wafers into integrated circuits. Materials integrity management products, such as wafer shippers, wafer transport and process carriers, fluid and gas handling components and integrated circuit trays, facilitate the storage, transport, processing and protection of wafers through these front-end and back-end manufacturing steps. Semiconductor manufacturing has become more complex in recent years as new technologies have been introduced to enhance device performance and as larger wafer sizes have been introduced to increase production efficiencies. Increased processing complexity adds significantly to the cost of constructing and equipping a wafer manufacturing facility, or fab, which can now exceed \$2 billion.

As a result of the growing cost and complexity of manufacturing integrated circuits, semiconductor manufacturers have increasingly focused on improving productivity in their manufacturing facilities. In the 1970s, yield management techniques such as process monitoring and in-line testing were introduced to the semiconductor manufacturing process. These techniques were widely adopted in the 1980s and 1990s. Automation was introduced to semiconductor manufacturing facilities in the 1980s in an effort to improve efficiency. Because of the widespread use of these technologies, significant productivity gains have already been realized.

#### Materials Integrity Management Focus

In an effort to realize continued productivity gains, semiconductor manufacturers have become increasingly focused on materials management solutions that enable them to safely store, handle, process and transport materials throughout the manufacturing process to minimize the potential for damage or degradation to their materials and to protect their investment in processed wafers. Wafer processing can involve as many as 500 steps and take up to six weeks. As a result, a batch of 25 fully processed wafers can cost more than \$1 million. Since significant value is added to the wafer during each successive manufacturing step, it is essential that the wafer be handled carefully and precisely to minimize damage. In addition, materials handling products must meet exact specifications each and every time or valuable wafers can be damaged. For example, in the case of wafer carriers, precise wafer positioning, highly reliable and predictable cassette interface dimensions and advanced materials are crucial. The failure to prevent damage to wafers can severely impact integrated circuit performance, render an integrated circuit inoperable or disrupt manufacturing operations. Thus, semiconductor manufacturers are seeking to: minimize contamination, protect semiconductor devices from electrostatic discharge and shock, avoid process interruptions, prevent damage or abrasion to wafers and materials during automated processing caused by contact with other materials or equipment, prevent damage due to abrasion or vibration of work-in-process and finished goods during transportation to and from customer and supplier facilities and eliminate the dangers associated with handling toxic chemicals.

The importance of efficiently managing materials throughout the manufacturing process and the need to protect wafers is demonstrated by the existence of related standards established by the Semiconductor Equipment and Materials International (SEMI) organization, a leading industry trade organization. SEMI has specifically included the need to eliminate these risks in SEMI's official standards publication.

The need for efficient and reliable materials management is particularly important as new materials are introduced and as 300mm semiconductor wafer manufacturing becomes a more prevalent manufacturing technology. These 300mm wafers are increasingly larger, more costly and more complex, and thus are more vulnerable to damage or contamination. In addition, new materials as well as increased wafer size and circuit shrinkage create new contamination and material compatibility risks. These trends will present new and increasingly difficult shipping, transport, process and storage challenges.

The semiconductor materials industry and the materials management industry are highly fragmented and are served by a variety of providers, consisting of divisions within large corporations and smaller companies that target niche markets or specific geographic regions. Semiconductor manufacturers require materials management providers that demonstrate a deep knowledge of materials management and semiconductor manufacturing, have a track record of reliability, offer a broad product line and have the ability to support and service customer needs worldwide.

#### Products and Capabilities

We are a leading provider of materials integrity management solutions that assure the integrity of materials as they are handled, stored, processed and transported throughout the semiconductor manufacturing process, from raw silicon wafers to completed integrated circuits. Among other things, our comprehensive portfolio of products enable:

- . secure transport of materials, including chemicals and raw silicon wafers, from suppliers to the fab;
- . storage, handling and transport of wafers throughout fab processing;
- . storage, mixing and distribution of chemicals throughout fab processing;
- . delivery of finished wafers to test, assembly and packaging facilities; and
- . safe handling of integrated circuit packages and bare die at the test, assembly and packaging facilities.

We also apply our materials integrity expertise within other markets in the microelectronics industry, such as the data storage market. Our comprehensive product line, advanced manufacturing capabilities, extensive polymer expertise, industry and applications knowledge and worldwide infrastructure benefit our customers and position us for growth.

#### Comprehensive Product Line

With over 10,000 products, we believe that we offer the broadest product offering of materials management solutions for the microelectronics manufacturing industry. In fiscal 2001, we released more than 200 new and derivative products. In the semiconductor industry, we offer products to ship, process, test and store wafers before during and after the integrated circuit manufacturing process. We also offer a complete product line to transport, process, store and ship chemicals used in the semiconductor manufacturing process. In the data storage market, we offer a broad range of products to transport and handle magnetic hard disk drives, read/write heads and optical and compact disks.

#### Advanced Manufacturing Capabilities

We have a wide range of advanced polymer manufacturing capabilities that use a variety of mold designs to produce high precision products, often in cleanroom facilities. Our polymer capabilities include injection molding, rotational molding, blow molding, extrusion, machining, welding and flaring, sheet lining, over-molding, insert molding and prototyping. These capabilities, coupled with our strengths in advanced tool design and mold-making, high volume manufacturing, quality assurance and polymer reclaiming, enable us to be a leader in our markets.

#### Extensive Polymer Expertise

We have extensive research experience with the advanced polymer materials used in our products. We have expertise in material evaluation, analytical chemistry, polymer blending and quality assurance techniques. We understand the properties of advanced polymers, how they interact with other materials used in the semiconductor manufacturing process and how they address the varying conditions of the manufacturing process.

## Industry and Applications Knowledge

Throughout our 35-year history, we have worked closely with semiconductor and hard disk drive manufacturers and materials suppliers to accumulate considerable insight into the increasingly complex manufacturing requirements of the semiconductor and data storage markets. This insight allows us to more effectively target our research and development toward products that satisfy our customers' manufacturing requirements. Our industry knowledge encompasses contamination control, electrostatic discharge protection and cleanroom manufacturing. This industry knowledge has enabled us to serve as a leader in developing industry standards. Our ability to characterize and test products allows us to understand the interaction of our products with wafers in our customers' manufacturing process in order to ensure superior performance while reducing the risk of damage.

## Worldwide Infrastructure

Our worldwide infrastructure positions us in every major region of the world where semiconductor manufacturing takes place. Our manufacturing operations and support offices in the United States, Europe and Asia enable us to offer local service, the timely and cost-effective delivery of our products and the capacity to meet customer requirements. We offer customer service 24 hours a day, 7 days a week.

## Strategy

Our objective is to build upon our leadership in materials integrity management solutions for semiconductor device, equipment and materials suppliers, as well as apply our expertise to the growing materials management needs of other markets. The key elements of our strategy to achieve this objective are:

### Expand Technological Leadership

Since our inception, we have been an innovator in materials management solutions for the semiconductor industry. For example, our chemical delivery product line represents a number of industry firsts, including the first perfluoroalkoxy (PFA) fusion-bonded piping, the first valves with no metal parts in the fluid stream, the first nonmetallic capacitive sensors to successfully perform in harsh environments at high temperatures and the first pinch valve.

Additionally, we are a leading designer and manufacturer of 300mm materials management solutions with products such as FOUPs, and reduced-pitch front opening shipping boxes, or FOSBs. We will continue to expand the scope of our technology leadership by identifying viable new polymers for materials management applications, developing innovative product designs and advanced processes for molding difficult materials and aiding the industry in establishing manufacturing standards for materials management products.

### Broaden Product and Service Offerings

Although we offer a comprehensive line of more than 10,000 products, we believe that there is significant potential for sales of new products and solutions in the semiconductor and data storage markets and within the broader microelectronics industry including, among others, new products and solutions for the emerging 300mm wafer market; upgrading 200mm fabs with new and improved products, new products and solutions to store, mix, handle and transport ultra-pure and corrosive chemicals used in the semiconductor manufacturing process; and new products and solutions in the area of testing, storing and shipping finished integrated circuits.

We are committed to developing new products and services through both internal research and development and strategic acquisitions. For example, during fiscal 2001, we acquired Atcor Corporation and Critical Clean Solutions Inc. (CCS). Atcor, based in San Jose, California, is a leading supplier of precision cleaning systems and cleaning services, providing a variety of cleaning and drying technologies to the world's largest semiconductor and hard disk drive manufacturers. CCS, headquartered in Gilroy, California, is a leading provider of sub-micron cleaning services and reuse products to the semiconductor, disk drive and other high-technology industries.

These acquisitions provided Entegris with the necessary infrastructure for its Silicon Delivery(TM) Systems and Services (SDS2) and Disk Delivery(TM) Systems and Services (DDS2) programs, which offer outsourced programs for wafer, device and disk transportation and protection. These programs include the handling for raw wafer manufacturing and shipping, wafer processing, finished wafer shipping and handling, product cleaning systems and/or services, logistics management, recycling and the certification of reusable products. Entegris offers both on-site and off-site programs.

## Expand in Japan

We believe that further penetration of the Japanese market is critical to our growth. Five of the world's seven largest wafer manufacturers are headquartered in Japan. We have maintained a manufacturing and sales presence in Japan since the 1970s through licensing arrangements, joint venture injection molding operations and a joint venture sales company, which has allowed us to develop strategic relationships and an understanding of the Japanese market. To increase our presence in Japan, we intend to expand our local manufacturing operations, introduce new products, expand our marketing initiatives and pursue strategic acquisitions.

During fiscal 2001, we acquired Tokyo-based Nisso Engineering's fluid handling product line, which expands our portfolio of high quality materials integrity management solutions and supports our commitment to deliver innovative fluid handling solutions to original equipment manufacturers (OEM) in Japan and other locations.

## Pursue Selective Acquisitions

Although we currently have no agreements or commitments to acquire any business, we intend to pursue selective acquisitions to complement our growth. Our goal is to acquire businesses that will strengthen our position in our targeted markets, enhance our technology base, increase our manufacturing capability and our product offerings and expand our geographic presence. Expanding our business in key market segments could strengthen our presence with existing customers and provide access to new customers who seek a global service provider for their materials management needs.

For example, we acquired NT International in fiscal 2001. NT International designs and manufactures patented ultrahigh purity flow and pressure measurement sensors and controllers. These products, coupled with Entegris' broad fluid handling product line, enable us to provide customers a complete system solution to protect and transport valuable inventories of critical fluids. It also gives us the ability to offer reliable and highly accurate measurement and control solutions for ultrapure and caustic fluids used in semiconductor manufacturing.

## Expand into New Industries

We believe that our materials management expertise can be applied outside the microelectronics industry to a variety of industries that use sophisticated manufacturing processes and have critical materials management needs. For example, in the biopharmaceutical industry, we are seeking to apply our expertise to live bacteria drug manufacturing, which is a metal-sensitive process enabled by our polymer expertise and products. We are also pursuing other growth opportunities in the chemical processing and medical device markets.

## Markets and Products

With over 10,000 standard and customized products, we believe that we provide the most comprehensive portfolio of materials integrity management solutions to the microelectronics industry. Our product lines address both the semiconductor and the data storage manufacturing markets. During the front-end semiconductor manufacturing process, we provide materials integrity management products and services that preserve the integrity of wafers as they travel from wafer manufacturers to semiconductor manufacturers. As the wafers are subsequently processed, we provide wafer transport products that reliably interface with automated processing equipment. We also provide products that safely deliver processing chemicals from chemical manufacturers to containers at the fab and then from containers to process equipment within the fab. During the back-end semiconductor manufacturing process, we provide products that transport and handle completed integrated circuits during testing, assembly and packaging. Furthermore, we provide products that prevent degradation and damage to magnetic hard disk drives and read/write heads as they are processed and shipped.

A summary of our materials management product offerings is as follows:

### Semiconductor Manufacturing: Front-End

**Wafer Manufacturing Products.** We are a leading provider of critical shipping products that preserve the integrity of raw silicon wafers as they are transported from wafer manufacturers to semiconductor manufacturers. We lead the market with our extensive, high volume line of UltraPak(R) and CrystalPak(R) products which are supplied to wafer manufacturers in a full range of sizes covering 100, 125, 150 and 200mm wafers. The UltraPak was first introduced in the mid 1980s. It is made of a proprietary blend of polypropylene and is the market leader in wafer shipping boxes. The CrystalPak was introduced in the early 1990s as a reusable wafer shipping box and is made of a proprietary blend of polycarbonate. Continuing our technological leadership in the market, we offer the FabFit300(TM) for the transportation and automated interface of 300mm wafers. We offer a complete shipping system, including both wafer shipping containers as well as secondary packaging that provide another level of protection for wafers. This 300mm wafer system reduces the cleaning, shipping and storage costs for semiconductor manufacturers and allows them to optimize the use of their premium cleanroom space.

Wafer Handling Products. We believe that we are a market leader in wafer handling products. We offer a wide variety of products that hold and position wafers as they travel to and from each piece of equipment used in the automated manufacturing process. These specialized carriers provide precise wafer positioning, wafer protection and highly reliable and predictable cassette interfaces in automated fabs. Semiconductor manufacturers rely on our products to improve yields by protecting wafers from abrasion, degradation and contamination during the manufacturing process. We provide standard and customized products that meet the full spectrum of industry standards and customers' wafer handling needs including FOUPs, wafer transport and process carriers, pods and work-in-process boxes. To meet our customers' varying wafer processing and transport needs, we offer wafer carriers in a variety of materials and in sizes ranging from 100mm through 300mm.

Chemical Delivery Products. Chemicals spend most of their time in contact with fluid storage and management distribution systems, so it is critical for fluid storage and handling components to resist these chemicals and avoid contributing contaminants to the fluid stream. We offer chemical delivery products that allow the consistent and safe delivery of sophisticated chemicals from the chemical manufacturer to the point-of-use in the semiconductor fab. Most of these products are made from perfluoroalkoxy or PFA, a fluoropolymer resin widely used in the industry because of its high purity and inertness to chemicals. The innovative design and reliable performance of our products and systems under the most stringent of process conditions has made us a recognized leader in high purity fluid transfer products and systems. Both semiconductor manufacturers and semiconductor OEMs use our chemical delivery products and systems. Our comprehensive product line provides our customers with a single source provider for their chemical storage and management needs throughout the manufacturing process.

Our chemical delivery products include:

. Valves. We offer the Integra(R), Dymak(R) and Accuflo(TM) valves, each of which were first in their respective applications. Our Integra valve was the first to feature no external metal parts, which can corrode and pose a safety hazard when managing aggressive chemicals. Our Dymak valve is the first PFA pinch valve designed for chemical mechanical polishing, or CMP, slurries, bulk chemical distribution and other high flow applications. The all-PFA pinch element allows greater resistance to chemical corrosion and offers lower particle generation than competing valves. Our Accuflo metering valve is the first to be molded entirely from PFA, which provides enhanced control for a broad range of applications.

. Fittings. We provide fittings that have become the industry standard for high purity chemical resistance. We offer three styles of fittings: Flaretek(R), Quikgrip(R) and Galtek(R) fittings. Our Flaretek fittings feature a flare design that combines leak-free performance with minimum dead volume. All of the wetted surfaces of our fittings products are Teflon(R) PFA, chosen for its resistance to corrosion and wear in the semiconductor processing environment. Our Quikgrip fitting has a gripper design that features easy, user-friendly assembly. Additionally, our Galtek fittings represent the industry's first all PFA fitting featuring an integral ferrule design for strength along with chemical resistance features.

. Tubing. We offer three grades of FluoroLine(R) PFA tubing, which address our customers' needs ranging from industrial to ultra high purity applications.

. Pipe. Our PUREBOND(R) fusible piping components provide leak-free piping systems by fusion bonding over rigid pipe and components. Our patented method for joining PFA components allows flexibility of design and assembly of fluid delivery systems. We offer many component configuration sizes ranging from 1 /4 inch to 2 inch inner diameters, meeting a wide range of customer design requirements.

. Chemical Containers. We offer a broad spectrum of chemical transport and storage containers that help ensure the safe delivery of sophisticated chemicals from chemical manufacturers to the semiconductor manufacturers' point-of-use. Our containers are well suited for the microelectronics industry because they help minimize contamination of chemicals to concentrations of parts per billion and parts per trillion. Our sheet lining process allows us to provide containers for bulk chemical storage and shipment of up to 19,000 liters. We offer a wide variety of container types including drums, pressure vessels, intermediate bulk containers, custom containers and bottles. In addition, we provide our patented quick connect system, which enables safe, risk-free connections for chemical container change-outs.

. Custom Fabricated Products. We offer a wide variety of custom-molded, welded or fabricated fluid products, including custom valves, fittings, filter housings, caps, closures, flanges and tanks. We manufacture these custom products to meet stringent standards of consistency and safety by offering a variety of high performance, chemically resistant materials. Some of our valves fall within the scope of United States export licensing regulations pertaining

to products that could be used in connection with chemical weapons processes. These regulations require us to obtain licenses to ship some of our products to customers in certain countries, and we routinely apply for and obtain export licenses. The applicable export licensing regulations frequently change. Moreover, the types and categories of products that are subject to export licensing are often described in the regulations in general terms and could be subject to differing interpretations. We recently cooperated with the United States Department of Commerce to clarify our licensing practices and to review our practices with respect to prior sales of our valve products to customers in Taiwan and Israel.

#### Semiconductor Manufacturing: Back-End

Test, Assembly and Packaging Products. Rapidly changing packaging strategies for semiconductor applications are creating new materials management challenges for back-end manufacturers. We offer chip and matrix trays as well as shippers and carriers for thinned wafers, bare die handling and integrated circuits. Our materials management products are compatible with industry standards and available in a wide range of sizes with various feature sets. Our standard trays offer dimensional stability and permanent electrostatic discharge protection. Our trays also offer a number of features including custom designs to minimize die movement and contact; shelves and pedestals to minimize direct die contact, special pocket features to handle various surface finishes to eliminate die sticking; and other features for automated or manual die placement and removal. In addition, we support our product line with a full range of accessories to address specific needs such as static control, cleaning, chip washing and other related materials management requirements. To better address this market, we have established ictray.com, a website which allows new and existing customers to select from our full range of standard and custom integrated circuit trays.

#### Hard Disk Drive Manufacturing

Disk Manufacturing Products. Like the semiconductor industry, the data storage market continues to face new challenges and deploy new technologies at an accelerating rate. We provide materials management products and solutions to manage two critical sectors of this industry: magnetic disks and the read/write heads used to read and write today's higher density disks. Because both of these hard disk drive components are instrumental in the transition to more powerful storage solutions, we offer products that carefully protect and maintain the integrity of these components during their processing, storage and shipment. Our product offerings for magnetic hard disk drives include process carriers, boxes, packages, tools and shippers for aluminum and other disk substrates. Our optical hard disk drive products include stamper cases, process carriers, boxes and glass master carriers. Our read/write head products include transport trays, carriers, handles, boxes, individual disk substrate packages and accessories.

#### Other Industries

We offer our extensive polymer molding expertise to customers outside the microelectronics industry, such as the biopharmaceutical, medical and telecommunications industries. We work with our customers in these industries to develop specialized components and assemblies that meet their stringent specifications for close tolerances and cleanliness. We offer a wide variety of services and capabilities to these customers, including materials research, parts design, mold design, manufacturing, molding, assembly and final testing.

The following table sets forth for the fiscal years indicated our net sales derived from the sale of semiconductor manufacturing products, disk manufacturing products and other products.

	2001	2000	1999
Semiconductor manufacturing products	87%	84%	76%
Disk manufacturing products	9%	12%	20%
Other products	4%	4%	4%
	100%	100%	100%

#### Customers

We have over 1,000 customers in North America, Europe and Asia, including every major semiconductor manufacturer in the world. No single end-customer accounts for over 5% of our sales. We provide products and solutions primarily to semiconductor manufacturers and semiconductor equipment manufacturers, chemical materials suppliers and data storage manufacturers. The following table sets forth a list of major customers in each of the markets in which we operate.



Semiconductor Wafer Manufacturing	
Mitsubishi Silicon	Sumitomo Metals
MEMC	Wacker Siltronic
Shin Etsu Handotai (SEH)	

Microelectronics and Semiconductor Materials	
Arch Chemicals	Millipore
Ashland	Pall
BOC Edwards	

Semiconductor Equipment Manufacturing	
Applied Materials	SCP Global Technologies
FSI International	

Data Storage Manufacturing	
Fujitsu	MMC
Hoya	Seagate Technology
IBM	Showa-Denko
Komag	Yamagata

Semiconductor Device Manufacturing and Assembly	
AMD	LG International
ASE Test	Micron Technology
Carsem	Motorola
Fujitsu	NEC
Hitachi	Philips
Intel	Samsung
IBM	STMicroelectronics
Infineon	Texas Instruments
Lucent	TSMC
	UMC

Custom Products for Other Industries	
ADC Telecom	Guidant
Boston Scientific	Medtronic
Ericsson	

#### Sales and Marketing

We market and sell our products on a worldwide basis through a network of direct sales personnel, commissioned sales representatives and stocking distributors. Our sales and marketing initiatives in Japan are coordinated through the sales office of Fluoroware Valqua Japan, our majority owned subsidiary. Metron, a global distributor of semiconductor products and services partially owned by Entegris, has broad distribution rights for the Company's Fluid Handling product line in Europe, and in portions of the United States and Asia. International sales accounted for 48% and 50% of our revenues in fiscal 2000 and fiscal 2001, respectively.

We support our worldwide sales activities by stocking select products in regional warehouses, which facilitates rapid response to customers' needs. For example, Entegris Europe GmbH serves as one of several stocking locations for distribution throughout Europe. The worldwide offices of Metron also carry Fluid Handling product inventories to meet regional demand. Direct customer support comes from our regional service and customer support offices located in the United States, Europe and Asia. We work with each of our regional service and customer support offices to provide regional marketing support, including public relations, collateral development and publication, corporate positioning, advertising and trade show participation and communications. Our marketing groups based in the United States support our global marketing strategy, e-business and other initiatives.

#### Manufacturing

Our customers rely on our products to assure their materials integrity by providing dimensional precision and stability, cleanliness and consistent performance. Our ability to meet our customers' expectations, combined with our substantial investments in worldwide manufacturing capacity, position us to respond to the increasing materials management demands of the microelectronics industry and other industries that require similar levels of materials integrity. To meet our customer needs worldwide, we have established an extensive global manufacturing network with facilities in the United States, Germany, Japan, and Malaysia. Because we work in an industry where contamination control is paramount, we maintain Class 100 to Class 10,000 cleanrooms for manufacturing and assembly. We believe that our worldwide manufacturing operations and our advanced manufacturing capabilities are important competitive advantages. Our advanced manufacturing capabilities include:

- . Injection Molding. Our manufacturing expertise is based on our long experience with injection molding. Using molds produced from computer-aided processes, our manufacturing technicians utilize specialized injection molding equipment and operate within specific protocols and procedures established to consistently produce precision products.

- . Extrusion. Extrusion is the use of heat and force from a screw to melt solid polymer pellets in a cylinder and then forcing the resulting melt through a die to produce tubing and pipe. We have established contamination free on-line

laser marking and measurement techniques to properly identify products during the extrusion process and ensure consistency in overall dimension and wall thickness.

.Blow Molding. Blow molding consists of the use of heat and force from a screw to melt solid polymer pellets in a cylinder and then forcing the melt through a die to create a hollow tube. The molten tube is clamped in a mold and expanded with pressurized gas until it takes the shape of the mold. We utilize advanced three-layer processing to manufacture 55 gallon drums, leading to cost savings while simultaneously assuring durability, strength and purity.

.Rotational Molding. Rotational molding is the placing of a solid polymer powder in a mold, placing the mold in an oven and rotating the mold on two axes so that the melting polymer coats the entire surface of the mold. This forms a part in the shape of the mold upon cooling. We use rotational molding in manufacturing containers up to 5,000 liters. Our rotational molding expertise has provided rapid market access for our current fluoropolymer sheet lining manufacturing business.

.Sheet Lining. Sheet lining consists of welding thin sheets of polymer into a solid lining that conforms to the shape of a large vessel, such as a tanker truck. We sheet line stainless steel tanks up to 19,000 liters in size through a complex adhesive and welding process that provides customers with purity and strength for the high volume storage and transportation of corrosive chemicals.

.Machining. Machining consists of the use of computer controlled equipment to create shapes, such as valve bodies, out of solid polymer blocks or rods. Our computerized machining capabilities enable speed and repeatability in volume manufacturing of our machined products, particularly products utilized in chemical delivery applications.

.Assembly. We have established protocols, flow charts, work instructions and quality assurance procedures to assure proper assembly of component parts. The extensive use of robotics throughout our facilities reduces labor costs, diminishes the possibility of contamination and assures process consistency.

.Tool Making. We employ about 100 toolmakers at three separate locations in the United States. Our toolmakers produce the majority of the tools we use throughout the world.

We have made significant investments in systems and equipment to create innovative products and tool designs. Our pro-engineer CAD equipment allows us to develop three-dimensional electronic models of desired customer products to guide design and tool-making activities. Our pro-engineer CAD equipment also aids in the rapid prototyping of products.

We also use computer-automated engineering in the context of mold flow analysis. Beginning with a pro-engineer 3D model, mold flow analysis is used to visualize and simulate how our molds will fill. The mold flow analysis techniques cut the time needed to bring a new product to market because of the reduced need for sampling and development. Also, our pro-engineer CAD equipment can create a virtual part with specific geometries, which drives subsequent tool design, tool manufacturing, mold flow analysis and performance simulation.

In conjunction with our three-dimensional product designs, we use finite element software to simulate the application of a variety of forces or pressures to observe what will happen during product use. This analysis helps us anticipate forces that affect our products under various conditions. The program also assists our product designers by measuring anticipated stresses against known material strengths and establishing proper margins of safety.

#### Engineering, Research and Development

We devote a significant portion of our financial and human resources to research and development programs. As of August 25, 2001, we employed approximately 150 people in our worldwide engineering, research and development department. Of these, more than 20 work in our materials and product testing research laboratories, where we conduct general materials research to enhance current products and strengthen our advanced materials knowledge. The other engineering, research and development personnel perform product design and development in response to general market needs as well as specific industry and customer requests. Increasingly, customers ask us to conduct research and development to find materials, products and systems that meet their specific materials handling needs. We utilize sophisticated methodologies to develop and characterize our materials and products. Our materials technology lab is equipped to analyze the physical, rheological, thermal, chemical and compositional nature of the polymers we use. Our materials lab includes standard and advanced polymer analysis equipment such as inductively coupled plasma mass spectrometry (ICP/MS), inductively coupled plasma atomic emission

spectrometry (ICP/AES), Fourier transform infrared spectroscopy (FTIR) and automated thermal desorption gas chromatography/mass spectrometry (ATD-GC/MS). This advanced analysis equipment allows us to detect contaminants in materials that could harm the semiconductor manufacturing process to levels as low as parts per billion, and in some cases parts per trillion. Our capabilities to test and characterize our materials and products are focused on continuously reducing risk to our customers. The majority of our research laboratories are located at our Minnesota and Colorado facilities. We expect that technology and product research and development will continue to represent an important element in our ability to develop and characterize our materials and products.

#### Facilities

We conduct manufacturing operations in facilities strategically positioned throughout the world. Our factory and warehouse facilities adequately meet our production capacity and work flow requirements. Due to significant capital spending over the past several years, we estimate that we operated at approximately 41% of manufacturing capacity and 90% of warehouse capacity in fiscal 2001. We believe that we can easily obtain sufficient warehouse capacity.

#### Patents and Proprietary Rights

We rely on patent, copyright, trademark and trade secret laws, confidentiality agreements and other contractual arrangements with our employees, strategic partners and others to protect our technology. Our goal is to obtain intellectual property protection to maintain our position as a leader in materials management and to give us a competitive advantage in the industry.

We actively pursue a program of patent applications to seek protection of technologically sensitive features of our materials management products and processes. We conduct extensive research on the patentability of our innovations, the potential infringement on existing patents and the business value of retaining the information as proprietary knowledge. With this information, we determine whether to seek a patent, disclose the information through an industry white paper or maintain the information as a trade secret. As of August 25, 2001, our patent portfolio consisted of 110 current U.S. patents, which expire from 2001 to 2018, and 54 pending U.S. patent applications. We also regularly seek patent protection outside the United States by filing counterpart applications, principally in Europe, Taiwan and Japan. We also pursue trademark registration of our key trademarks in the principal countries where we do business.

The patent position of any manufacturer, including us, is subject to uncertainties and may involve complex legal and factual issues. Litigation may be necessary in the future to enforce our patents and other intellectual property rights or to defend us against claims of infringement or invalidity. The steps that we have taken in seeking patents and other intellectual property protections may prove inadequate to deter misappropriation of our technology and information. In addition, our competitors may independently develop technologies that are substantially equivalent or superior to our technology.

#### Competition

We face substantial competition from a number of companies, some of which have greater financial, marketing, manufacturing and technical resources. We are not aware of any single competitor who offers a comparable breadth of materials management products and services in the microelectronics industry. We compete on the basis of our technical expertise, product performance, advanced manufacturing capabilities, global locations, quality, reliability, established reputation and customer relationships. We believe that we compete favorably on the basis of these factors in each of our served markets.

Our wafer management product line faces competition largely on a product-by-product basis. We have historically faced significant competition from companies such as Kakizaki, Dainichi and Asyst Technologies. These companies compete with us primarily in 200mm and 300mm applications. Our chemical delivery products also face worldwide competition from companies such as Furon, Parker, and Gemu. In assembly, packaging and testing of semiconductor and data storage applications, we compete with companies such as Advantek, GEL-Pak, ITW/Camtex, Peak International and 3M. Primary competition for our wafer shipping containers comes from Japanese companies such as SEP and Kakizaki. In the disk shipping and bare and packaged die tray markets, we face competition from regional suppliers.

## Employees

As of August 25, 2001, we had approximately 1,900 full-time employees throughout the world, including 1,315 in manufacturing, 150 in engineering, research and development, including custom product development, and 435 in selling, marketing and general and administrative activities, including customer service, finance and accounting, information technology, human resources and corporate management. Of our full-time employees, approximately 1,480 are located in the United States, 130 are located in Europe and about 290 are located in Asia. None of our employees are covered by a collective bargaining arrangement. We consider our relationship with our employees to be good.

## Legal Proceedings

We are not a party to any material pending legal proceedings.

## Financial Information about Segments and Geographic Areas

See Note 17 to the Consolidated Financial Statements contained herein.

## RISK FACTORS

Our business faces significant risks. These risks include those described below and may include additional risks and uncertainties not presently known to us or that we currently believe are immaterial. If any of the events or circumstances described in the following risks occurs, our business, operating results or financial condition could be materially adversely affected. These risks should be read in conjunction with the other information set forth in this report. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may impair our business operations. If any of the events described in the following risks occur, our business, operating results and financial condition could be significantly harmed.

### Industry Risk

The semiconductor industry is highly cyclical, and industry downturns reduce revenue and profits.

Our business depends on the purchasing patterns of semiconductor manufacturers, which, in turn, depend on the current and anticipated demand for semiconductors and products utilizing semiconductors. The semiconductor industry is highly cyclical and historically has experienced periodic downturns, which often have resulted in decreased expenditures by semiconductor manufacturers. These downturns, which occurred most recently in 1996, 1998 and 2001 (which continues today), have harmed our sales, gross profits and operating results. Furthermore, even in periods of reduced demand, we must continue to maintain a satisfactory level of research and development expenditures and continue to invest in our infrastructure. We expect the semiconductor industry to continue to be cyclical. Industry downturns reduce revenue and possibly increase pricing pressure, affecting both gross margins and net income.

Our revenue and operating results may fluctuate in future periods.

Our sales and operating results can vary significantly from quarter to quarter. Because our expense levels are relatively fixed in the short-term, an unanticipated decline in revenue in a particular quarter could disproportionately affect our net income in that quarter. In addition, because we typically do not have significant backlog, changes in order patterns have a more immediate impact on our revenues. The 1998 downturn in the semiconductor industry resulted in declines in our net income from fiscal 1997 to fiscal 1998, with a further decline in fiscal 1999. More recently, the Company reported record sales in the first half of 2001, reflecting a continuation of strong business conditions in the semiconductor industry that began in the second half of 1999. However, incoming order rates began to decline rapidly late in the second quarter of 2001. Consequently, the Company experienced significantly lower sales and earnings over the last half of the year. We anticipate that fluctuations in operating results will continue in the future. We believe that period-to-period comparisons of our results of operations may not be meaningful, and you should not rely upon them as indicators of our future performance.

Our industry is subject to rapid technological change, and we may fail to successfully anticipate customer needs and develop new products.

The microelectronics industry is subject to rapid technological change, changing customer requirements and frequent new product introductions. Because of this, the life cycle of our products is difficult to determine. Our future success will depend, to a significant extent, on our ability to keep pace with changes in the market and on our ability to enhance our current products and introduce new products. For example, we must continue to identify new polymers, improve our product design and qualify our products with our customers. We might not successfully develop and introduce new products and materials in a timely and cost-effective manner. Any product enhancements or new products developed by us might not gain market acceptance. In addition, products or technologies developed by competitors could make our products or technologies obsolete or less competitive. If we do not anticipate or respond adequately to technological developments or customer requirements, we could lose market share or miss market opportunities.

#### International Risks

We are dependent upon sales outside the United States, and the risks associated with international operations could affect our ability to maintain and increase revenues.

International sales accounted for 48% of our revenues in both fiscal 1999 and fiscal 2000, and 50% of our revenues in fiscal 2001. We anticipate that sales outside the United States will be an increasing percentage of our revenues as we pursue our international growth strategy. A significant portion of our revenues will therefore be subject to risks associated with sales in markets outside the United States, including unexpected changes in legal and regulatory requirements and policy; changes affecting the markets for semiconductor technology; difficulties in managing sales representatives or distributors; difficulties in staffing and managing foreign operations; and difficulties in protecting our intellectual property outside the United States.

These risks could increase the cost of doing business internationally and could prohibit or hinder our ability to do business in certain countries.

Taiwan accounts for a growing portion of the world's semiconductor manufacturing. There are currently strained relations between China and Taiwan. Any adverse development in those relations could significantly impact the worldwide production of semiconductors, which would lead to reduced sales of our products.

The value of the U.S. dollar in relation to other currencies may also harm our sales to customers outside the United States. In fiscal 2001, approximately one-quarter of our sales revenue was not denominated in U.S. dollars, which exposes us to currency fluctuations. We intend to expand internationally, and to the extent that we do so or change our pricing practices to denominate prices in other currencies, we will be exposed to increased risks of currency fluctuations as well as the increased risks of doing business internationally.

An increased concentration of wafer manufacturing in Japan could result in lower sales of our wafer management and shipping products.

A large percentage of the world's wafer manufacturing currently takes place in Japan. Our market share in Japan is currently low, and we believe that we must increase our manufacturing capabilities in Japan in order to improve our market share. If we are not able to successfully expand our manufacturing capability and market share in Japan, we might not be able to maintain our global market share in wafer manufacturing and handling products, especially if wafer manufacturing in Japan increases.

Regulatory compliance impacts delivery times and reduces our ability to be competitive in certain countries.

We are subject to federal, state, local and foreign regulations. Compliance with future regulations, including environmental regulations in the United States and abroad, could require us to incur substantial costs. If we do not comply with current or future regulations, directives and standards, we could be subject to fines; our production could be suspended or delivery could be delayed; and we could be prohibited from offering particular products in specified markets.

Certain of our fluid handling products fall within the scope of U.S. export licensing regulations pertaining to products that could be used in connection with chemical weapons processes. These regulations require us to

obtain licenses to ship some of our products to customers in certain countries, and we routinely apply for and obtain export licenses. The applicable export licensing regulations frequently change. Moreover, the types and categories of products that are subject to export licensing are often described in the regulations in general terms and could be subject to differing interpretations. We recently cooperated with the United States Department of Commerce to clarify our licensing practices and are in the process of upgrading our licensing practices and procedures. Although we believe we are in full compliance, any denial or delay in the issuance of future export licenses could result in lost sales.

We are dependent on Metron Technology N.V. for a substantial portion of our sales, and a decline in sales by Metron could limit our ability to maintain and grow our revenues.

For the period ended August 25, 2001, we derived 24.9% of our revenues from customers that purchase our products through Metron Technology N.V., which distributes our products in parts of Europe, Asia and the United States. Any negative material event relating to Metron may impact our business. For example, Metron's sales could decline or Metron could choose to sell our competitors' products instead of our products.

In January 2001, Entegris and Metron modified their existing distribution relationship. Under the new agreement, which began in March 2001, Metron will distribute Entegris' Fluid Handling products while we will assume a direct sales responsibility for our Microelectronics products. As part of the agreement our ownership of Metron decreased to approximately 12% at August 25, 2001. We now have less influence on Metron's business and decision making, and Metron may make decisions regarding the conduct of its business that could harm us and over which we have no control.

Relationships with joint venture partners affect our ability to do business internationally.

We have entered into joint venture agreements intended to complement or expand our manufacturing and distribution operations in Japan. The success of our joint ventures depends in part on our ability to strengthen our relationships with our joint venture partners. If we do not develop and maintain good relationships with joint venture partners, we will be less able to successfully penetrate international markets.

Economic difficulties in countries in which we sell our products could lead to a decrease in demand for our products.

The volatility of general economic conditions as well as fluctuations in currency exchange and interest rates can lead to decreased demand in countries in which we sell products. For example, in 1997 and 1998, many Asian countries experienced economic and financial difficulties. During this period, our sales to customers in Asia declined. Moreover, any economic, banking or currency difficulties experienced by countries in which we have sales may lead to economic recession in those countries. This in turn could result in a reduction in sales to customers in these countries.

#### Manufacturing Risks

Our dependence on single and limited source suppliers could affect our ability to manufacture our products.

We rely on single and limited source suppliers for some of the advanced polymers that are critical to the manufacturing of our products. At times, we have experienced a limited supply of some of these polymers, which resulted in delays and increased costs. An industry-wide increase in demand for these polymers could affect the ability of our suppliers to provide sufficient quantities to us. If we are unable to obtain an adequate quantity of such supplies, our manufacturing operations may be interrupted. Obtaining alternative sources could result in increased costs and shipping delays, which could decrease profitability and damage our relationships with current and potential customers.

Prices for polymers have varied widely in recent years. We have a long-term contract with a key supplier of polymers that fixes our price for purchases of up to specified quantities. If our polymer requirements exceed the quantities specified in the contract, we could be exposed to higher material costs. If the cost of polymers increases and we are unable to correspondingly increase the sales price of our products, our profit margins would decline.

Our production processes are becoming increasingly complex, and our production could be disrupted if we are unable to avoid manufacturing difficulties.

Our manufacturing processes are complex and require the use of expensive and technologically sophisticated equipment and materials. These processes are frequently modified to improve manufacturing yields and product quality. We have on occasion experienced manufacturing difficulties, such as temporary shortages of raw materials and occasional critical equipment breakdowns that have delayed deliveries to customers. A number of our product lines are manufactured at only one or two facilities, and any disruption could impact our sales until another facility could commence or expand production of such products.

Our manufacturing operations are subject to numerous risks, including the introduction of impurities in the manufacturing process that could lower manufacturing yields and make our products unmarketable; the costs and demands of managing and coordinating geographically diverse manufacturing facilities; and the disruption of production in one or more facilities as a result of a slowdown or shutdown in another facility.

We could experience these or other manufacturing difficulties, which might result in a loss of customers and exposure to product liability claims.

We may lose sales if we are unable to timely procure, repair and replace capital equipment necessary to manufacture many of our products.

Internally designing and producing new complex tools or purchasing additional capital equipment can take several months. If our existing equipment fails, or we are unable to obtain new equipment quickly enough to satisfy any increased demand for our products, we may lose sales to competitors. In particular, we do not maintain duplicate tools for most of our important products. Fixing or replacing complex tools is time consuming, and we may not be able to replace a damaged tool in time to meet customer requirements.

We generally have no written contracts with our customers, which diminishes our ability to plan for future manufacturing needs.

As is typical in our industry, our sales are primarily made on a purchase order basis and we have few written purchase contracts with our customers. Customers may choose to delay or cancel orders. As a result, we cannot predict the level of future sales or commitments from our current customers, which diminishes our ability to effectively allocate labor, materials and equipment in the manufacturing process.

We may not be able to protect our intellectual property, which may limit our ability to compete.

Our success depends in part on our proprietary technology. We attempt to protect our intellectual property rights primarily through patents, trademarks and non-disclosure agreements. However, we might not be able to protect some of our technology, and competitors might be able to develop similar technology independently. In addition, the laws of certain foreign countries might not afford our intellectual property the same protection as do the laws of the United States. The costs of applying for patents in foreign countries and translating the applications into foreign languages require us to select carefully the inventions for which we apply for patent protection and the countries in which we seek such protection. Generally, we have concentrated our efforts on obtaining international patents in Europe, Japan and Taiwan because there are competing manufacturers in those countries, as well as current and potential customers. Our inability or failure to obtain adequate patent protection in a particular country could harm our ability to compete effectively in that country. Our patents also might not be sufficiently broad to protect our technology, and any existing or future patents might be challenged, invalidated or circumvented. Additionally, our rights under our patents may not provide competitive advantages.

Litigation may be necessary to defend us against claims of intellectual property infringement, which if successful could cause us to pay significant damage awards or prevent us from manufacturing or selling our products.

Some of our current or future products could infringe patents or proprietary rights of others. Litigation may be necessary to enforce patents issued to us, to protect our trade secrets or know-how, to defend ourselves against claimed infringement of the rights of others or to determine the scope and validity of the proprietary rights of others. Litigation could result in substantial cost and diversion of our efforts. Moreover, an adverse determination in any litigation could cause us to lose proprietary rights, subject us to significant liabilities to third parties, require us to

seek licenses or alternative technologies from third parties, or prevent us from manufacturing or selling our products.

#### Operating Risks

Our move to direct sale of our micro-electronic products worldwide involves new risks.

Earlier this year, we terminated Metron Technology as distributor for our micro-electronics products worldwide, in favor of a direct sales force. We established a global infrastructure team, hired key personnel, and commenced direct sales. Although we believe that we are well positioned for direct sales and we are no longer as dependant on Metron Technology, there are additional risks relating to our sales including, but not limited to, our ability to retain key personnel.

At the time we terminated Metron as a distributor of our micro-electronics products, we entered into a new agreement with Metron for the continued distribution of our fluid handling products through Metron.

If we do not attract and retain key personnel, our production would be disrupted and shipments might be delayed.

Our success depends upon the continued efforts of our senior management team and our technical, manufacturing, marketing and sales personnel. These employees may voluntarily terminate their employment with us at any time. If a significant number of manufacturing personnel were to voluntarily terminate their employment with us, our production would be disrupted and shipments might be delayed.

Hiring qualified personnel has become more difficult in recent years. The U.S. economy's long period of expansion and high rate of employment increased the difficulty of recruiting qualified manufacturing personnel, such as operators of our manufacturing equipment. Competition for such personnel in the technology and semiconductor industries can be particularly intense. Recruiting and hiring employees with the combination of skills and attributes required to conduct our business can be extremely competitive, time-consuming and expensive. We may not be able to successfully identify, hire and train new manufacturing personnel.

If we fail to identify, complete and successfully integrate recent or future acquisitions, our ability to expand our operations and increase revenues would be harmed.

One of our strategies is to expand by acquiring other businesses, technologies or product lines. However, we currently have no commitments or agreements with respect to any acquisition. We might not be able to successfully identify, negotiate or finance any acquisitions, or integrate such acquisitions with our current business, which could diminish our ability to expand our business and remain competitive. Moreover, expansion could require significant management time and resources.

Competition in the semiconductor materials management industry could intensify as the industry further consolidates, which would limit our ability to maintain and increase our market share and raise prices.

We face substantial competition from a number of companies, some of which have greater financial, marketing, manufacturing and technical resources. Because of an industry trend toward consolidation, larger providers of materials management solutions and products could emerge, with potentially broader product lines. Larger competitors could spend more on research and development, which could give those competitors an advantage in meeting customer demand. We expect that existing and new competitors will improve the design of their existing products and will introduce new products with enhanced performance characteristics. The introduction of new products or more efficient production of existing products by our competitors could diminish our market share and increase pricing pressure on our products. Further, customers continue to demand lower prices, shorter delivery times and enhanced product capability. If we do not respond adequately to such pressures, we could lose customers or orders. If we are unable to compete successfully, we could experience pricing pressures, reduced gross margins and order cancellations.

Lack of market acceptance of our 300mm products could harm our operating results.

The growing trend toward the use of 300mm wafers has contributed to the increasing complexity of the semiconductor manufacturing process. The greater diameter of these wafers requires higher tooling costs and presents more complex handling, storage and transportation challenges. We are making substantial investments to complete a full line of 300mm wafer manufacturing and handling products. Our customers may not adopt our 300mm wafer manufacturing and handling product lines. If we are not a leader in the 300mm market, the market share for our other products could decline. In addition, if the trend toward 300mm wafer manufacturing does not evolve as we anticipate, sales of our products for these applications would be minimal and we might not recover our development costs.

Our management information and financial reporting systems are not fully integrated and need to be upgraded, which will be costly. If these new systems are not successfully implemented, our business may be harmed.



The management information and financial reporting systems that we use in our day-to-day operations are not fully integrated on a worldwide basis. We will need to continue to invest in these systems in order to maintain our current level of business and accommodate any future growth. We anticipate that the total costs associated with upgrading and integrating our systems will be approximately \$8 to \$10 million over the next two to four years. Our failure to successfully upgrade and integrate our management information and financial reporting systems may disrupt our business, create inefficiencies due to the lack of centralized data, result in unnecessarily high levels of inventories, and increase expenses associated with additional employees to compensate for the lack of fully integrated systems.

We may not be able to significantly expand our customer base by soliciting customers of our competitors because customers tend to standardize materials handling procedures and are reluctant to change their standardized manufacturing processes.

Once an original equipment manufacturer or a microelectronics manufacturer has selected particular materials management products, that manufacturer typically must qualify those products before incorporating them into customized manufacturing procedures that assure precise and consistent processing steps. Qualification and incorporation of materials management products by manufacturers can be time-consuming and expensive. After these procedures have been established, manufacturers are very reluctant to switch to another provider of materials management products. Accordingly, it may be difficult to sell our products to a manufacturer that has already selected a competitor's products.

We may face product liability claims, which could harm our operating results.

Our products are used by our customers to handle sensitive, complex and valuable wafers and semiconductor materials and devices. If our products fail, these materials could be damaged or contaminated, which could expose us to product liability claims. Business interruption and personal injury claims are also possible in the event of a product failure or misapplication of our product by a customer. In addition, the failure of our chemical delivery products could subject us to environmental liability claims and a failure of our custom medical device components could subject us to personal injury claims. We cannot predict whether our existing insurance coverage limits are adequate to protect us from any liabilities that we might incur in connection with the manufacture, sale or use of our products. A successful product liability claim or series of product liability claims brought against us could damage our reputation, diminish customer confidence in our products, expose us to increased competition and increase our insurance costs.

We may not be able to pursue our expansion strategy if we are unable to raise required funds.

We may need to raise additional capital to acquire or invest in complementary businesses. If we issue additional equity securities, the ownership stakes of our existing shareholders would be reduced, and the new equity securities may have rights, preferences or privileges senior to those of our existing common shares. If we cannot raise funds, if needed, on acceptable terms, we may not be able to develop our business, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements.

We do not intend to pay dividends, and therefore investors must rely solely on the market value of our shares to realize a return on their investment.

We have never declared or paid any cash dividends on our capital shares. In addition, our loan agreements restrict our ability to pay dividends without the consent of our lenders. We currently intend to retain any future earnings to fund the development and growth of our business and, therefore, do not anticipate paying any cash dividends in the foreseeable future.

#### Special Note Regarding Forward-Looking Statements

Some of the statements under the captions "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report are "forward-looking statements." These statements involve known and unknown risks, uncertainties, and other factors that may cause our, or our industry's, actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. These factors are listed under "Risk Factors" and elsewhere in this report.

In some cases, you can identify forward-looking statements by terminology such as "expects," "anticipates," "intends," "may," "should," "plans," "believes," "seeks," "estimates," "could," "would" or the negative of such terms or other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. We are under no duty to update any of the forward-looking statements after the date of this report to conform these statements to actual results.

#### ITEM 2. PROPERTIES

Our corporate headquarter is located in Chaska, Minnesota. The table below presents information relating to our manufacturing and warehousing facilities:

Facility Location	Square Footage	Type of Ownership	Manufacturing Use
United States			
Minnesota	701,000	5 facilities owned, 3 facilities leased	Injection Molding, Extrusion, Blow Molding, Rotational Molding, Tool Making, Micro-molding, Sheet Lining
Colorado	82,000	1 facility owned	Injection Molding, Tool Making
California	108,000	1 facility owned, 1 facility leased	Custom Manufacturing, Product Cleaning Service, Equipment Assembly
Oregon	15,000	1 facility leased	Warehouse
Texas	20,000	1 facility leased	Polymer Reclaiming
Malaysia	105,000	1 facility owned	Injection Molding
Singapore	15,000	1 facility leased	Product Cleaning Service
Germany	44,000	1 facility owned	Injection Molding, Extrusion
Japan	48,000	1 facility owned, 1 facility leased	Injection Molding

#### ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material pending legal proceedings.

#### ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

### PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Shares, \$0.01 par value, has been traded on The Nasdaq National Market (Nasdaq) under the symbol "ENTG" since our initial public offering on July 11, 2000. The following table sets forth the high and low sales prices, as reported by Nasdaq, for the periods indicated.

	Fiscal 2001		Fiscal 2000	
	High	Low	High	Low
First quarter	\$11.38	\$7.00	\$--	\$--
Second quarter	\$ 9.63	\$6.50	\$--	\$--

Third quarter	\$13.40	\$6.38	\$ --	\$ --
Fourth quarter	\$15.60	\$9.65	\$15.25	\$7.00

There were approximately 238 shareholder accounts of record on October 31, 2001, and the number of beneficial shareholders was estimated to be 7,000.

#### ITEM 6. SELECTED FINANCIAL DATA

The table that follows presents selected financial data for each of the last six fiscal years:

#### FINANCIAL HIGHLIGHTS

(Amounts in thousands, except per share data)

	2001	2000	1999	1998	1997	1996
<b>Operating Results (1)</b>						
Net sales	\$342,444	\$343,465	\$241,952	\$266,591	\$277,290	\$271,037
Gross profit	162,670	160,442	92,230	109,734	119,238	122,304
Operating profit	54,499	72,108	15,325	24,711	38,868	42,467
Income before income taxes	60,110	74,631	11,677	17,989	30,015	44,281
Net income	38,616	47,933	5,965	13,130	19,216	28,409
Earnings per share outstanding-diluted	0.53	(0.02)	(2.53)	0.21	0.31	0.43
Weighted shares outstanding-diluted	72,995	43,609	36,708	61,492	61,786	37,969

#### Operating Ratios

Gross profit	47.5%	46.7%	38.1%	41.2%	43.0%	45.1%
Operating profit	15.9%	21.0%	6.3%	9.3%	14.0%	15.7%
Income before income taxes	17.6%	21.7%	4.8%	6.7%	10.8%	16.3%
Net income	11.3%	14.0%	2.5%	4.9%	6.9%	10.5%
Effective tax rate	35.5%	35.8%	38.7%	25.4%	39.9%	36.6%

#### Cash Flow Statement Data

Depreciation and amortization	\$ 24,260	\$ 27,246	\$ 28,810	\$ 26,591	\$ 23,395	\$ 18,122
Capital expenditures	24,331	21,376	10,079	33,512	44,928	52,531

#### Balance Sheet Data

Current assets	\$220,037	\$221,414	\$110,279	\$101,155	\$122,761	\$101,271
Current liabilities	61,253	62,544	58,372	56,567	69,006	56,352
Working capital	158,784	158,870	51,907	44,588	53,755	44,919
Current ratio	3.59	3.54	1.89	1.79	1.78	1.80
Total assets	395,678	353,368	246,978	257,475	213,643	265,343
Long-term debt	13,101	10,822	53,830	73,242	75,971	61,916
Shareholders' equity (deficit)	312,307	266,844	(17,840)	73,304	35,421	7,309

(1) Operating results in fiscal 2001 included two non-recurring charges: a one time charge of \$8.2 million related to the early termination of a distribution agreement for the Microelectronics Group and \$4.9 million charge in connection with its decision to close its Castle Rock, Colorado and Munmak, Korea facilities. Fiscal year 2000 results include an extraordinary loss of \$1.8 million pre-tax (\$1.1 million after taxes) in connection with repayment of \$42 million of long-term debt and capital lease obligations. Fiscal year 2000 results exclude a gain of \$5.5 million (\$3.5 million after taxes) associated with the sale of an investment in an affiliate's common

stock. Fiscal year 1999 results exclude a charge of \$4.9 million (\$3.1 million after taxes associated with merger-related expenses.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations, except for the historical information, contains forward-looking statements. These statements are subject to risks and uncertainties. You should not place undue reliance on these forward-looking statements as actual results could differ materially. 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.

Overview

Entegris, Inc. is a leading provider of materials integrity management products and services that protect and transport the critical materials used in key technology-driven industries. Entegris was incorporated in June 1999 to effect the business combination of Fluoroware, Inc. and EMPAK, Inc., which was accounted for as a pooling of interests. Accordingly, common stock was issued in exchange for 100% of the outstanding shares of both Fluoroware, Inc., which began operating in 1966, and EMPAK, Inc., which began business in 1980. The historical financial statements of Entegris are shown to include the historical accounts and results of operations of Fluoroware and EMPAK and their respective subsidiaries, as if the business combination had existed for all periods presented.

Entegris primarily derives its revenue from the sale of products to the microelectronics industry and recognizes sales upon the shipment of such goods to customers. Cost of sales includes polymers and purchased components, manufacturing personnel, supplies and fixed costs related to depreciation and operation of facilities and equipment. The Company's customers consist primarily of semiconductor manufacturers, semiconductor equipment and materials suppliers, and hard disk manufacturers and are served through various subsidiaries and sales and distribution relationships in the United States, Asia and Europe.

The Company's fiscal year is a 52- or 53-week period ending on the last Saturday of August. The last three fiscal years ended on the following dates: August 25, 2001, August 26, 2000, and August 28, 1999. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ended August 25, 2001 is referred to as "fiscal 2001" or "2001".

In the second half of fiscal 1999, the semiconductor industry began to recover from an industry downturn. This recovery, which continued through the second quarter of fiscal 2001, led to greatly improved net sales and profitability. During the third and fourth quarters of fiscal 2001, the semiconductor industry experienced unprecedented deterioration in market conditions, with rapidly falling rates of factory utilization and reduced capital spending. As a consequence, the Company reported falling sales and earnings in the latter half of fiscal 2001.

Effective August 27, 2000, the Company changed its method of accounting for its domestic inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. In accordance with accounting principles generally accepted in the United States of America, the financial statements of prior periods have been restated to apply the new method retroactively.

Results of Operations

The following table sets forth the relationship between various components of operations, stated as a percent of net sales, for fiscal year 2001, 2000 and 1999. The Company's historical financial data were derived from its audited consolidated financial statements and related notes included elsewhere in this annual report.

	Percent of Net Sales		
	2001	2000	1999
Net sales	100.0%	100.0%	100.0%
Cost of sales	52.5	53.3	61.9
Gross profit	47.5	46.7	38.1
Selling, general and administrative expenses	22.9	21.3	25.8

Engineering, research and development expenses	4.8	4.4	6.0
Non-recurring charges	3.8	--	--
-----			
Operating profit	15.9	21.0	6.3
Interest (income) expense, net	(1.3)	0.7	2.3
Other income, net	(0.3)	(1.4)	(0.8)
-----			
Income before income taxes and other items below	17.6	21.7	4.8
Income tax expense	6.2	7.8	1.9
Equity in net (income) loss of affiliates	(0.4)	(0.5)	0.7
Minority interest	0.5	0.1	(0.2)
-----			
Income before extraordinary item	11.3	14.3	2.5
Extraordinary loss on extinguishment of debt, net of taxes	--	(0.3)	--
-----			
Net income	11.3	14.0	2.5
=====			

#### Fiscal 2001 Compared to Fiscal 2000

Net sales. Net sales were \$342.4 million in fiscal 2001, flat when compared to \$343.5 million in fiscal 2000. The Company reported record sales in the first half of 2001, reflecting a continuation of strong business conditions in the semiconductor industry that began in the second half of 1999. However, incoming order rates began to decline rapidly late in the second quarter of 2001 for both fluid handling products, which are dependent on capital spending levels in the semiconductor industry, and microelectronics products, reflecting declining manufacturing utilization of wafer manufacturers and semiconductor manufacturers. Consequently, the Company experienced significantly lower sales over the last half of the year, resulting in level sales with 2000. Falling order rates began to stabilize during the fourth quarter of fiscal 2001.

Increased sales in Japan offset revenue declines in the North America and Asia Pacific regions, with European sales unchanged from one year ago. Overall, international sales accounted for approximately 50% of net sales in fiscal 2001, up from 48% in fiscal 2000. Sales of fluid handling products, which made up 33% of total sales, grew by 5%, while microelectronics product sales, 67% of total sales, fell slightly.

Based on current order rates, industry analyst expectations and other information, the Company currently expects to report lower full-year sales in 2002, particularly in the first half of the year.

Gross profit. Gross profit in fiscal 2001 increased to \$162.7 million, a small increase over the \$160.4 million reported in fiscal 2000. The minor improvement in fiscal 2001 partly reflected the benefit of integrating various elements of the Company's manufacturing operations. Asset impairment charges of \$3.5 million and \$5.9 million were recorded in 2001 and 2000, respectively, mainly for asset write-offs of molds.

Gross margin for fiscal 2001 improved to 47.5% compared to 46.7% for fiscal 2000. Gross profit and gross margin variances mainly track the utilization of the Company's production capacity associated with varying sales levels. Consequently, the Company reported improved gross profits and gross margins in excess of 50% during the first half of 2001, but experienced declining gross profits and lower gross margins over the latter half of the year.

As discussed above, management expects sales levels to decline in fiscal 2002, particularly in the first half of the year. The correspondingly low rates of factory utilization would result in decreased gross profits with a lower gross margin.

Selling, general and administrative expenses. Selling, general and administrative (SG&A) expenses increased \$5.2 million, or 7%, to \$78.5 million in fiscal 2001 from \$73.3 million in fiscal 2000. SG&A costs, as a percent of net sales, increased to 22.9% from 21.3%. The year-to-year increase was due to the cost of building the Company's global infrastructure including the addition of direct sales forces in Europe and Asia, as well as the SG&A expenses from acquired businesses. Fiscal 2001 also included higher expenditures for information systems.

Non-recurring charges. Operating results in fiscal 2001 included two non-recurring charges. During the second quarter, the Company recorded a charge of \$8.2 million related to the early termination of a distribution agreement for the Microelectronics Group with its affiliate, Metron Technology N.V. (Metron). Pursuant to the termination agreement, the Company assumed direct sales responsibility for the Microelectronics Group product sales in Europe and Asia, and transferred to Metron 1.125 million shares of Metron stock and agreed to make future cash payments

totaling \$1.75 million. Entegris also agreed to buy back certain microelectronics product inventory from Metron. The Company and Metron also executed a new distribution agreement for Entegris' Fluid Handling Group products, which now runs through August 31, 2005.

During the third quarter, the Company recorded a \$4.9 million charge in connection with the closing of its Castle Rock, Colorado and Munmak, Korea facilities. The charge included \$1.7 million in termination costs related to a workforce reduction of 170 employees and \$1.4 million for estimated losses for asset disposals. In addition, the charge included \$1.8 million for future lease commitments on the Castle Rock facility, the lessor of which is a major shareholder of the Company.

Engineering, research and development expenses (ER&D). ER&D expenses increased to \$16.5 million in fiscal 2001, up 10% from \$15.0 million in 2000. ER&D expense, as a percent of net sales, rose to 4.8% in 2001 from 4.4% in fiscal 2000. A major element of fiscal 2001 ER&D costs relates to the continued development of next generation 300mm products.

Interest (income) expense, net. The Company reported net interest income of \$4.5 million in fiscal 2001 compared to net interest expense of \$2.4 million in fiscal 2000. The variance relates to interest earnings on invested cash generated through strong operating earnings and the receipt of net proceeds of \$99.0 million from the Company's initial public offering in the fourth quarter of fiscal 2000, \$42 million of which was used to retire long-term debt and capital lease obligations.

Other income, net. Other income was \$1.1 million in fiscal 2001 compared to \$4.9 million in fiscal 2000. The decrease was primarily due to the absence of the fiscal 2000 \$5.5 million gain recognized on the sale of approximately 612,000 shares of its investment in Metron. Other income in fiscal 2001 also included foreign currency translation gains offset by losses on sales of property and equipment.

Income tax expense. Income tax expense was \$21.3 million in fiscal 2001 compared to \$26.8 million in fiscal 2000, primarily reflecting lower pre-tax income. The effective tax rate for 2001 was 35.5% compared to 35.8% in 2000. The effective rate in 2001 included a \$1.6 million tax benefit associated with the closure of the Korea operation, losses of which were previously non-deductible. The Company expects an effective tax rate of about 38% in fiscal 2002.

Equity in net income of affiliates. During March 2001, the Company surrendered ownership of 1.125 million shares of its investment in Metron in connection with the charge described above under the caption "Nonrecurring charges". As a result, the Company's percentage ownership in Metron decreased to approximately 12%. The Company discontinued application of the equity method to account for its investment in Metron and accounts for its remaining investment as an available-for-sale security under the provisions of Statement of Financial Accounting Standards (SFAS) No. 115 - Accounting for Certain Investments in Debt and Equity Securities. Therefore, the Company recorded no equity in the net income of affiliates in the third or fourth quarters of fiscal 2001. For the first six months of 2001, the Company recorded equity in the net income of affiliates of \$1.5 million in 2001 compared to \$1.7 million for all of 2000.

Minority interest. For fiscal 2001, minority interest in subsidiaries' net income more than tripled to \$1.6 million compared to fiscal 2000. This figure reflects the improved financial performance at Entegris' 51%-owned Japanese subsidiaries.

Net income. Net income decreased to \$38.6 million in fiscal 2001, compared to net income of \$47.9 million in fiscal 2000. After the market value adjustment related to redeemable common stock, net income applicable to nonredeemable common shareholders was \$38.6 million, or \$0.53 per share diluted, in fiscal 2001, compared to a net loss of \$0.7 million, or a loss of \$0.02 per share diluted, in fiscal 2000. Excluding the effects of the market value adjustment related to redeemable common stock, nonrecurring charges in fiscal 2001 and the fiscal 2000 gain on the sale of an affiliate's common stock, pro forma earnings per share declined to \$0.62 per share in 2001 from \$0.68 in 2000.

#### Fiscal 2000 Compared to Fiscal 1999

Net sales. Net sales increased \$101.5 million, or 42%, to \$343.5 million in fiscal 2000, compared to \$242.0 million in fiscal 1999. The improvement reflected the increase in product sales associated with the recovery in the semiconductor industry that began in the second half of 1999. Revenue gains were recorded in all

geographic regions and across all product lines. Sales of fluid handling products grew by 77% and microelectronics product sales increased by 31%. International sales accounted for approximately 48% of net sales in 2000 and 1999.

Gross profit. Gross profit in fiscal 2000 increased by \$68.2 million to \$160.4 million, an increase of 78% over the \$92.2 million reported in fiscal 1999. The gross margin for 2000 improved to 46.7% compared to 38.1% for 1999. Gross margin and gross profit improvements were reported by both domestic and international operations. The improvements in 2000 reflected the improved utilization of our production capacity associated with higher sales, a more favorable product mix and the benefits of integrating various elements of our manufacturing operations. Partly offsetting some of the improvement in gross profit was \$5.9 million in asset impairment charges, compared to \$2.0 million in 1999, mainly for asset write-offs of molds.

Selling, general and administrative expenses. Selling, general and administrative (SG&A) expenses increased \$11.0 million, or 18%, to \$73.3 million in fiscal 2000 from \$62.3 million in fiscal 1999. The increase was due to higher commissions, incentive compensation, personnel costs and information systems. SG&A costs also increased due to the accrual of \$2.5 million in 2000 for charitable contributions, reflecting the Company's commitment to contribute 5% of net income to charitable organizations. These increases were partly offset by the absence of \$3.6 million in merger-related costs incurred in 1999. SG&A costs, as a percent of net sales, decreased to 21.3% from 25.8%.

Engineering, research and development expenses. Engineering, research and development (ER&D) expenses increased 3% to \$15.0 million in fiscal 2000 from \$14.6 million in fiscal 1999. ER&D costs, as a percent of net sales, decreased to 4.4% from 6.0%.

Interest expense, net. Net interest expense decreased 56% to \$2.4 million in fiscal 2000 compared to \$5.5 million in fiscal 1999. The decrease reflected the reduction of domestic borrowings and the short-term investment of available cash balances. These actions occurred most notably in the fourth quarter when the Company received proceeds of \$99.0 million from its initial public offering, \$42 million of which was used to retire long-term debt and capital lease obligations.

Other income, net. Other income was \$4.9 million in fiscal 2000 compared to other income of \$1.9 million in fiscal 1999. The increase was primarily due to the \$5.5 million gain recognized on the sale of approximately 612,000 shares of the Company's investment in Metron as part of Metron's initial public offering in November 1999. Other income in fiscal 2000 also included losses on sales of property and equipment offset by gains from foreign currency translation.

Income tax expense. Income tax expense of \$26.8 million was significantly higher in fiscal 2000 compared to \$4.5 million in income tax expense reported for fiscal 1999, primarily reflecting significantly higher income. The effective tax rate in fiscal 2000 was 35.8% compared to 38.7% in fiscal 1999. The lower rate reflected the Company's ability to utilize foreign tax credit carryforwards.

Equity in net (income) loss of affiliates. The Company's equity in the net income of affiliates was \$1.7 million in fiscal 2000 compared to equity in the net loss of affiliates of \$1.6 million in fiscal 1999. This improvement primarily reflects the operating results of Metron, which also benefited from the improved industry conditions affecting the Company's results.

Extraordinary loss on extinguishment of debt. During the fourth quarter, the Company incurred prepayment costs of \$1.8 million (\$1.1 million after taxes, or \$0.02 per share) in connection with repayment of \$42 million of long-term debt and capital lease obligations.

Net income. Net income increased to \$47.9 million in fiscal 2000, compared to net income of \$6.0 million in fiscal 1999. After the market value adjustment related to redeemable common stock, the net loss applicable to nonredeemable common shareholders was \$0.7 million, or \$0.02 per share diluted, in 2000, compared to a net loss of \$92.8 million, or \$2.53 per share, in 1999. Excluding the effect of the market value adjustment related to redeemable common stock, pro forma earnings per share improved from \$0.10 per share in fiscal 1999 to \$0.73 in fiscal 2000.

Quarterly Results of Operations

STATEMENTS OF  
OPERATIONS DATA:

	Fiscal 2000				Fiscal 2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Dollars in thousands:								
Net sales.....	\$71,816	\$84,846	\$90,991	\$95,812	\$102,639	\$105,712	\$81,346	\$52,747
Gross profit.....	31,681	38,158	43,681	46,922	52,552	53,601	37,890	18,627
Selling, general and administrative expenses.....	15,034	18,631	19,913	19,715	21,235	19,727	18,761	18,787
Engineering, research and development expenses.....	3,503	3,642	3,468	4,428	3,533	4,035	4,697	4,252
Operating profit (loss).....	13,144	15,885	20,300	22,779	27,784	21,629	9,498	(4,412)
Net income (loss) before extraordinary item.....	\$12,054	\$10,330	\$12,014	\$14,684	\$ 18,112	\$ 13,784	\$ 8,428	\$(1,708)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Percent of Net Sales:								
Net sales.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gross profit.....	44.1	45.0	48.0	49.0	51.2	50.7	46.6	35.3
Selling, general and administrative expenses.....	20.9	22.0	21.9	20.6	20.7	18.7	23.1	35.6
Engineering, research and development expenses.....	4.9	4.3	3.8	4.6	3.4	3.8	5.8	8.1
Operating profit (loss).....	18.3	18.7	22.3	23.8	27.1	20.5	11.7	(8.4)
Net income (loss).....	16.8	12.2	13.2	15.3	17.6	13.0	10.4	(3.2)

The tables above present selected data from the Company's consolidated statements of operations for the eight quarters ended August 25, 2001. This unaudited information has been prepared on the same basis as the audited consolidated financial statements appearing elsewhere in this annual report. All adjustments which management considers necessary for the fair presentation of the unaudited information have been included in the quarters presented.

From mid-1999 through the second quarter of fiscal 2001, the Company reported steadily improving net sales, primarily resulting from improved market conditions in the semiconductor industry. As sales grew, gross profits and margins improved due to improved utilization of production capacity, and often a more favorable product sales mix. During the last two quarters of 2001, the Company's sales fell dramatically as the global semiconductor industry experienced historic lows in factory utilization, which led to industry capital spending cutbacks. The Company experienced lower gross profits and margins as sales dropped by 23% and 35% sequentially in the third and fourth quarters of fiscal 2001.

Net income in the first quarter of fiscal 2000 included a \$5.5 million pre-tax gain recognized on the sale of a portion of the Company's investment in Metron stock. In the second quarter of fiscal 2001, the Company recorded a pretax charge of \$8.2 million related to the termination of a distribution agreement. Net income in the third quarter of 2001 included a \$4.9 million pretax charge in connection with its decision to close two facilities.

Our quarterly results of operations have been, and will likely continue to be, subject to significant fluctuations due to a variety of factors, a number of which are beyond the Company's control.

Liquidity and Capital Resources

The Company has historically financed its operations and capital requirements through cash flow from operating activities, long-term loans, lease financing and borrowings under domestic and international short-term lines of credit. In fiscal 2000, Entegris raised capital via an initial public offering.

Operating activities. Cash flow provided by operating activities totaled \$80.0 million, \$64.1 million and \$43.4 million in fiscal 2001, 2000 and 1999 respectively. Income from operations was the primary component of cash flow generated by operations in all years. In fiscal 2001, the Company also benefited from the lower working capital requirements associated with falling second half sales, principally due to an accounts receivable decline of \$26.3 million. Inventories rose \$3.6 million as the Company increased its safety stock of certain critical resins and built its



inventories of fluid handling components used in the production of fluid handling products. Working capital stood at \$158.8 million at August 25, 2001.

Investing activities. Cash flow used in investing activities totaled \$110.1 million, \$15.8 million and \$9.3 million in 2001, 2000 and 1999, respectively. Acquisition of property and equipment totaled \$24.2 million, \$21.4 million and \$10.1 million in 2001, 2000 and 1999, respectively. Significant capital expenditures in 2001 related principally to building our manufacturing capabilities for 300mm products, tooling for new products, investments in the Company's e-business initiatives, and the continued upgrading and integration of information systems. The Company expects capital expenditures of approximately \$25 to \$30 million during fiscal 2002, consisting mainly of spending on manufacturing equipment, tooling and information systems.

The Company completed four acquisitions in fiscal 2001. In March 2001, the Company acquired the fluid handling component product line of a Japanese company for \$10.4 million. Patents and goodwill of approximately \$2.3 million and \$8.0 million, respectively, were recorded in connection with the transaction. In May 2001, the Company completed its acquisition of NT International, which designs and manufactures patented ultrahigh purity flow and pressure measurement sensors and controllers, for a cash payment of \$27.5 million. Identifiable intangible assets, including patents, and goodwill of approximately \$20.1 million and \$6.0 million, respectively, were recorded in connection with the transaction. In the fourth quarter, the Company completed the acquisition of Atcor Corporation and the operating assets of Critical Clean Solutions, Inc. which provide precision cleaning systems, products and services to the semiconductor industry, for cash payments totaling of \$16.0 million. Identifiable intangible assets and goodwill of approximately \$7.6 million and \$2.5 million, respectively, were recorded in connection with the transactions.

The Company made net purchases of \$36.6 million of available-for-sale securities classified as short-term investments in 2001.

Financing activities. Cash provided by financing activities totaled \$2.0 million and \$38.3 million in fiscal 2001 and 2000, respectively, while cash used in financing activities was \$27.1 million in fiscal 1999.

In 2001, the Company recorded proceeds of \$4.7 million in connection with common shares issued under the Company's stock option and stock purchase plans. Payments on long-term borrowings totaled \$2.7 million.

During the fourth quarter of fiscal 2000, Entegris completed a registered underwritten initial public offering (IPO), receiving net proceeds of \$99.0 million after underwriting and issuance costs. A portion of the IPO proceeds was used to eliminate domestic short-term borrowings and retire \$42 million in long-term debt and capital lease obligations.

The Company repurchased common shares for \$0.7 million, \$10.4 million and \$1.1 million in 2001, 2000 and 1999, respectively. These shares were acquired in connection with the redemption of common stock from the Company's Employee Stock Ownership Plan and, in 2001, the repurchase of 55,000 common shares as part of a 500,000 share repurchase authorization made by the Company's board of directors in the first quarter of fiscal 2001.

As of August 25, 2001, the Company's sources of available funds comprised \$74.5 million in cash and cash equivalents, \$36.6 million in short-term investments and various credit facilities. Entegris has unsecured revolving credit commitments with two commercial banks with aggregate borrowing capacity of \$30 million, with no borrowings outstanding at August 25, 2001 and lines of credit with six international banks which provide for borrowings of currencies for our overseas subsidiaries, equivalent to an aggregate \$9.5 million. Borrowings outstanding on these lines of credit were \$3.8 million at August 25, 2001.

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 capital expenditure 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.

#### Recently Issued Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 141 also specifies criteria

for intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. Intangible assets with definite useful lives must be amortized over their respective estimated useful lives and reviewed for impairment.

The Company is required to adopt the provisions of SFAS No.141 immediately. The Company expects to adopt SFAS No. 142 in the first quarter of fiscal 2002. As of the date of adoption, the Company expects to have unamortized goodwill in the amount of \$20.3 million and unamortized identifiable intangible assets in the amount of \$31.5 million. Amortization expense related to goodwill was \$1.2 million, \$0.7 million and none for 2001, 2000 and 1999, respectively. Because of the extensive effort needed to comply with adopting Statement No. 142, it is not practicable to reasonably estimate the impact of adopting this Statement on the Company's financial statements at the date of this report.

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No.121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, it retains many of the fundamental provisions of that Statement. SFAS No. 144 becomes effective for fiscal years beginning after December 15, 2001. The Company is evaluating SFAS No. 144 to determine the impact on its financial condition and results of operations.

#### Euro Conversion

On January 1, 1999, the European Union established fixed conversion rates and adopted the "Euro" as its new common legal currency. At that date, the Euro began trading on currency exchanges simultaneously with the legacy currencies of the participating countries for a transition period between January 1, 1999 and January 1, 2002. During this transition period, parties can elect to pay for goods and services and transact business using either the Euro or a legacy currency. The Company is modifying its information technology systems to permit transactions to take place in both the legacy currencies and the Euro and provide for the eventual elimination of the legacy currencies. In addition, the Company is evaluating issues involving introduction of the Euro and whether certain existing contracts will need to be modified. Currency risks and risk management for operations in participating countries may be reduced as the legacy currencies are converted to the Euro. Based on current information and assessments, the Company does not expect that the Euro conversion will have a material adverse effect on its business, results of operations or financial condition.

#### Quantitative and Qualitative Disclosure About Market Risks

Entegris's principal market risks are sensitivities to interest rates and foreign currency exchange rates. The Company's current exposure to interest rate fluctuations is not significant. Most of its outstanding debt at August 25, 2001 carried fixed rates of interest. All of the Company's cash equivalents and short-term investments are debt instruments with remaining maturities of 12 months or less.

The Company uses derivative financial instruments to manage foreign currency exchange rate risk associated with the sale of products from the United States when such sales are denominated in currencies other than the U.S. dollar. The cash flows and earnings of foreign-based operations are also subject to fluctuations in foreign exchange rates. A hypothetical 10% change in the foreign currency exchange rates would potentially increase or decrease net income by approximately \$1 million.

#### Impact of Inflation

The Company's financial statements are prepared on a historical cost basis, which does not completely account for the effects of inflation. Material and labor expenses are the Company's primary costs. The cost of polymers, its primary raw material, was essentially unchanged from one year ago. Entegris expects the cost of resins to remain stable in the foreseeable future. Labor costs, including taxes and fringe benefits, rose modestly in fiscal 2001. Moderate increases also can be reasonably anticipated for fiscal 2002.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See information/discussion appearing under the subcaption "Quantitative and Qualitative Disclosure About Market Risks" of Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

	Page Number in this report
Report of Independent Auditors.....	29
Consolidated Balance Sheets.....	30
Consolidated Statements of Operations for the years ended August 25, 2001, and August 26, 2000.....	31
Consolidated Statements of Shareholders' Equity for the years ended August 25, 2001, and August 26, 2000.....	32
Consolidated Statements of Cash Flows for the years ended August 25, 2001, and August 26, 2000.....	33
Notes to Consolidated Financial Statements.....	34

REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Entegris, Inc.:

We have audited the accompanying consolidated balance sheets of Entegris, Inc. and subsidiaries as of August 25, 2001 and August 26, 2000, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended August 25, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Entegris, Inc. and subsidiaries as of August 25, 2001 and August 26, 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended August 25, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for domestic inventories in 2001.

/s/ KPMG LLP

Minneapolis, Minnesota  
October 5, 2001

ENTEGRIS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands, except share data)

	August 25, 2001 ----	(As Adjusted - See Note 1) August 26, 2000 ----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 74,451	\$102,973
Short-term investments.....	36,628	--
Trade accounts receivable, net of allowance for doubtful accounts of \$1,608 and \$2,524, respectively.....	36,303	41,325
Trade accounts receivable due from affiliates.....	7,171	22,803
Inventories.....	47,202	41,976
Deferred tax assets and refundable income taxes.....	10,424	7,996
Other current assets.....	7,858	4,341
Total current assets.....	220,037	221,414
Property, plant and equipment, net.....	109,131	107,733
Other assets:		
Investments.....	12,295	15,740
Intangible assets, less accumulated amortization of \$5,968 and \$3,569, respectively.....	51,766	7,162
Other.....	2,449	1,319
Total assets.....	\$395,678	\$353,368
=====		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt.....	\$ 2,238	\$ 1,828
Short-term borrowings.....	8,813	8,311
Accounts payable.....	16,572	21,849
Accrued liabilities.....	33,630	30,556
Total current liabilities.....	61,253	62,544
Long-term debt, less current maturities.....	13,101	10,822
Deferred tax liabilities.....	3,950	9,146
Minority interest in subsidiaries.....	5,067	4,012
Commitments and contingent liabilities.....	--	--
Shareholders' equity:		
Common stock, par value \$.01; 200,000,000 shares authorized; issued and outstanding shares; 69,729,821 and 68,317,183, respectively.....	697	683
Additional paid-in capital.....	121,449	114,003
Retained earnings.....	188,156	152,091
Accumulated other comprehensive income.....	2,005	67
Total shareholders' equity.....	312,307	266,844
Total liabilities and shareholders' equity.....	\$395,678	\$353,368
=====		

See the accompanying notes to consolidated financial statements.

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

	Years ended		
	August 25, 2001	August 26, 2000 (As adjusted - See note 1)	August 28, 1999 (As adjusted - See note 1)
Sales to non-affiliates .....	\$239,771	\$245,286	\$195,421
Sales to affiliates .....	102,673	98,179	46,531
Net sales .....	342,444	343,465	241,952
Cost of sales .....	179,774	183,023	149,722
Gross profit .....	162,670	160,442	92,230
Selling, general and administrative expenses .....	78,510	73,293	62,340
Engineering, research and development expenses .....	16,517	15,041	14,565
Nonrecurring charges.....	13,144	--	--
Operating profit .....	54,499	72,108	15,325
Interest (income) expense, net .....	(4,477)	2,422	5,498
Other income, net .....	(1,134)	(4,945)	(1,850)
Income before income taxes and other items below .....	60,110	74,631	11,677
Income tax expense .....	21,339	26,754	4,524
Equity in net (income) loss of affiliates .....	(1,488)	(1,694)	1,587
Minority interest in subsidiaries' net income (loss) .....	1,643	489	(399)
Income before extraordinary item .....	38,616	49,082	5,965
Extraordinary loss on extinguishment of debt, net of taxes.....	--	(1,149)	--
Net income .....	38,616	47,933	5,965
Market value adjustment to redeemable common stock.....	--	(48,602)	(98,754)
Net income (loss) applicable to nonredeemable common shareholders .....	\$ 38,616	\$ (669)	\$(92,789)
Earnings (loss) per nonredeemable common share:			
Basic .....			
Income (loss) before extraordinary item .....	\$ 0.56	\$ 0.01	\$ (2.53)
Extraordinary loss on extinguishment of debt, net of taxes .....	--	(0.03)	--
Net income (loss).....	\$ 0.56	\$ (0.02)	\$ (2.53)
Diluted.....			
Income (loss) before extraordinary item.....	\$ 0.53	\$ 0.01	\$ (2.53)
Extraordinary loss on extinguishment of debt, net of taxes .....	--	(0.03)	--
Net income (loss).....	\$ 0.53	\$ (0.02)	\$ (2.53)

See the accompanying notes to consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(In thousands)

	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income
Balance at August 29, 1998, previously reported...	18,360	\$ 184	\$ 15,066	\$ 57,564	\$ (2,321)	\$ 70,493	
Adjustment for change in accounting for inventories from LIFO to FIFO.....	--	--	--	2,811	--	2,811	
Balance at August 29, 1998.....	18,360	184	15,066	60,375	(2,321)	73,304	
Repurchase and retirement of shares .....	(6)	--	--	(20)	--	(20)	
Dilution of ownership on equity							
Investment.....	--	--	--	(588)	--	(588)	
Market value adjustment to redeemable ESOT common stock.....	--	--	--	(98,754)	--	(98,754)	
Foreign currency translation adjustment.....	--	--	--	--	1,792	1,792	\$ 1,792
Increase in unrealized holding gain on marketable securities.....	--	--	--	--	461	461	461
Net income.....	--	--	--	5,965	--	5,965	5,965
Total comprehensive income.....							\$ 8,218
Balance at August 28, 1999.....	18,354	184	15,066	(33,022)	(68)	(17,840)	
Repurchase and retirement of shares.....	(13)	--	--	(89)	--	(89)	
Shares issued pursuant to stock option Plans.....	76	--	362	--	--	362	
Dilution of ownership on investments.....	--	--	--	2,163	--	2,163	
Market value adjustment to redeemable ESOT common stock.....	--	--	--	(48,602)	--	(48,602)	
Reclassification of ESOT shares upon consummation of initial public offering....	21,621	216	(108)	183,708	--	183,816	
Shares issued pursuant to public offering, Net of issuance costs.....	9,890	99	98,867	--	--	98,966	
Stock split adjustment.....	18,389	184	(184)	--	--	--	
Foreign currency translation adjustment.....	--	--	--	--	(63)	(63)	\$ (63)
Increase in unrealized holding gain on marketable securities.....	--	--	--	--	198	198	198
Net income.....	--	--	--	47,933	--	47,933	47,933
Total comprehensive income.....							\$ 48,068
Balance at August 26, 2000.....	68,317	683	114,003	152,091	67	266,844	
Repurchase and retirement of shares.....	(77)	(1)	(476)	(246)	--	(723)	
Shares issued pursuant to stock option Plans.....	1,235	12	2,889	--	--	2,901	
Dilution of ownership on investments .....	--	--	--	(244)	--	(244)	
Reclassification associated with change in Percentage ownership in Metron Technologies N.V. stock.....	--	--	--	(2,061)	2,698	637	
Shares issued pursuant to employee Stock purchase plan.....	255	3	1,620	--	--	1,623	
Tax benefit associated with employee stock plans.....	--	--	3,413	--	--	3,413	
Foreign currency translation adjustment.....	--	--	--	--	(985)	(985)	\$ (985)
Increase in unrealized holding gain on Marketable securities.....	--	--	--	--	225	225	225
Net income.....	--	--	--	38,616	--	38,616	38,616
Total comprehensive income.....							\$ 37,856
Balance at August 25, 2001.....	69,730	\$ 697	\$ 121,449	\$188,156	\$ 2,005	\$ 312,307	

See the accompanying notes to consolidated financial statements.



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

	Years ended		
	August 25, 2001	August 26, 2000 (As adjusted - See note 1)	August 28, 1999 (As adjusted - See note 1)
<b>Operating Activities:</b>			
Net income	\$ 38,616	\$ 47,933	\$ 5,965
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	24,260	27,246	28,810
Asset impairment.....	3,526	5,937	1,996
Provision for doubtful accounts.....	(482)	1,493	213
Provision for deferred income taxes.....	(1,894)	382	1,296
Tax benefit from employee stock plans.....	3,413	--	--
Equity in net (income) loss of affiliates.....	(1,488)	(1,694)	1,587
Loss on sale of property and equipment.....	956	811	543
Gain on sale of investment in affiliate.....	--	(5,468)	--
Minority interest in subsidiaries' net income (loss).....	1,459	489	(399)
Changes in operating assets and liabilities:			
Trade accounts receivable.....	10,666	(9,620)	(3,069)
Trade accounts receivable due from affiliates.....	15,632	(12,841)	(2,560)
Inventories.....	(3,561)	(2,015)	1,508
Accounts payable and accrued liabilities.....	(369)	15,251	3,520
Other current assets.....	(2,748)	396	152
Accrued income taxes and refundable income taxes.....	(6,546)	(4,075)	4,069
Other.....	(1,482)	(96)	(222)
Net cash provided by operating activities.....	79,958	64,129	43,409
<b>Investing Activities:</b>			
Acquisition of property and equipment.....	(24,231)	(21,376)	(10,079)
Acquisition of businesses, net of cash acquired.....	(42,954)	--	--
Purchase of intangible assets.....	(10,701)	(2,448)	(621)
Proceeds from sales of property and equipment.....	3,464	713	1,285
Proceeds from sale of investment in affiliate.....	--	7,398	--
Other.....	916	(76)	159
Purchases and maturities of short-term investments, net.....	(36,628)	--	--
Net cash used in investing activities.....	(110,134)	(15,789)	(9,256)
<b>Financing Activities:</b>			
Principal payments on short-term borrowings and long-term debt.....	(2,679)	(52,466)	(32,339)
Proceeds from short-term borrowings and long-term debt.....	747	2,028	6,382
Issuance of common stock.....	4,674	99,179	--
Repurchase of redeemable and nonredeemable common stock.....	(723)	(10,446)	(1,110)
Net cash provided by (used in) financing activities.....	2,019	38,295	(27,067)
Effect of exchange rate changes on cash and cash equivalents.....	(365)	(73)	1,090
(Decrease) increase in cash and cash equivalents.....	(28,522)	86,562	8,176
Cash and cash equivalents at beginning of period.....	102,973	16,411	8,235
Cash and cash equivalents at end of period.....	\$ 74,451	\$102,973	\$ 16,411
<b>Non-cash Operating and Investing Activities:</b>			
Transfer of common shares owned in affiliate in connection with termination of distribution agreement	\$ 6,410	--	--

See accompanying notes to consolidated financial statements.

ENTEGRIS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation Entegris, Inc. (the Company) is a leading provider of materials integrity management solutions that protect and transport the critical materials used in the semiconductor and other high technology industries. The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Intercompany profits, transactions and balances have been eliminated in consolidation. Certain amounts reported in previous years have been reclassified to conform to the current year's presentation.

The Company's fiscal year is a 52 or 53 week period ending on the last Saturday in August. Fiscal years 2001, 2000 and 1999 ended on August 25, 2001, August 26, 2000 and August 28, 1999, respectively.

Business Combination On June 7, 1999, Fluoroware, Inc. (Fluoroware) and EMPAK, Inc. (EMPAK) completed a business combination which resulted in the formation of Entegris, Inc., a corporation formed for the purpose of effecting the business combination. The Company issued 36 million shares and 24 million shares of its common stock in exchange for 100% of the outstanding shares of Fluoroware and EMPAK, respectively.

For financial reporting purposes, the business combination was recorded using the pooling-of-interests method of accounting. Accordingly, the historical financial statements of Entegris, Inc. include the historical accounts and results of operations of Fluoroware and EMPAK as if the business combination had been in effect for all periods presented.

The results of operations for 1999 for Fluoroware, EMPAK and combined, respectively, included in the consolidated financial statements are as follows: Net sales of \$141.8 million, \$100.2 million and \$242.0 million, net income before merger-related expenses, impairment of asset charges and adjustments recorded to conform accounting methods of \$0.1 million, \$9.8 million and \$10.0 million, and net income (loss) of (\$3.6 million), \$9.4 million and \$5.7 million.

Adjustments to conform the companies' methods of depreciation reduced combined net income for 1999 by approximately \$1.9 million. Expenses related to the business combination were approximately \$3.6 million for 1999. In addition, the Company recorded asset impairment charges related to the business combination of approximately \$1.3 million during 1999.

Cash, Cash Equivalents and Short-term Investments Cash and cash equivalents include cash on hand, demand deposits, and highly liquid debt securities with original maturities of three months or less. Debt securities with original maturities greater than three months and remaining maturities less than one year are classified as short-term investments.

Inventories Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Property, Plant, and Equipment Property, plant and equipment are carried at cost and are depreciated principally on the straight-line method. When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and gains or losses are recognized in the same period. Maintenance and repairs are expensed as incurred; significant renewals and betterments are capitalized.

Capitalized Software The Company capitalizes certain costs associated with significant software obtained and developed for internal use. Certain costs are capitalized when both the preliminary project stage is completed and management deems the project will be completed and used to perform the intended function. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

Capitalized software costs are amortized over the estimated useful life of the project which is generally 4 to 5 years. Capitalized software of approximately \$5.5 million is included in office furniture and equipment as of both August 25, 2001 and August 26, 2000.

Intangible Assets Patents, trademarks and goodwill are carried at cost, less accumulated amortization, and are being amortized over 5 to 17 year periods, using the straight-line method. Costs associated with bond and debt issuance are carried at cost, less accumulated amortization, and are being amortized on a straight-line basis over the life of the applicable bond or debt instrument, which is 10 to 15 years.

The carrying value of intangible assets is reviewed when circumstances suggest that there has been possible impairment. If this review indicates that intangible assets will not be recoverable based on the projected/estimated undiscounted net cash flows over the remaining amortization period, the carrying value of intangible assets is reduced to estimated fair value.

Investments Substantially all of the Company's equity investments are marketable and are classified as available-for-sale as of August 25, 2001. Accordingly, under the provisions of Statement of Financial Accounting Standards (SFAS) No. 115 - Accounting for Certain Investments in Debt and Equity Securities, any unrealized holding gains and losses, net of taxes, are excluded from income, and recognized as a separate component of shareholders' equity until realized. The fair market value of the securities is determined based on published market prices. At August 25, 2001 and August 26, 2000, the unrealized gains on marketable securities were \$2.3 million and \$0.7 million, respectively. Through February 2001, the Company's ownership in its affiliate, Metron Technology N.V. (Metron), was accounted for using the equity method. The Company's nonmarketable investments are recorded at cost.

Derivative Financial Instruments. Effective August 27, 2000, the Company adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. Gains and losses on derivative instrument that are reported in other comprehensive income will be recognized in earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The effect of adopting the SFAS No. 133 was not material to the Company's financial position or results of operations.

The Company periodically enters into forward foreign currency contracts to reduce exposures relating to rate changes in certain foreign currencies. Certain exposures to credit losses related to counterparty nonperformance exist, however, the Company does not anticipate nonperformance by the counterparties as they are large, well-established financial institutions. None of these derivatives is accounted for as a hedge transaction under the provisions of SFAS No. 133. Accordingly, changes in the fair value of forward foreign currency contracts are recorded in current earnings. The fair values of the Company's derivative financial instruments discussed below are based on prices quoted by financial institutions for these instruments. The Company was a party to forward foreign currency contracts with notional amounts of \$10.7 million and \$2.0 million at August 25, 2001 and August 26, 2000, respectively.

Foreign Currency Translation. Except for certain foreign subsidiaries whose functional currency is the United States dollar, assets and liabilities of foreign subsidiaries are translated from foreign currencies into U.S. dollars at current exchange rates. Income statement amounts are translated at the weighted average exchange rates for the year. Gains and losses resulting from foreign currency transactions are included in net income. For certain foreign subsidiaries whose functional currency is the U.S. dollar, currency gains and losses resulting from translation are determined using a combination of current and historical rates and are reported as a component of net income.

Revenue Recognition/Concentration of Risk Revenue and the related cost of sales are recognized upon shipment of the products. The Company provides for estimated returns and warranty obligations when the revenue is recorded. The Company sells its products to semiconductor manufacturing companies throughout the world. The Company performs continuing credit evaluations of its customers and generally does not require collateral. Letters of credit may be required from its customers in certain circumstances. The Company maintains an allowance for doubtful accounts which management believes is adequate to cover any losses on trade receivables.

Certain of the materials included in the Company's products are obtained from a single source or a limited group of suppliers. Although the Company seeks to reduce dependence on those sole and limited source suppliers, the partial or complete loss of certain of these sources could have at least a temporary adverse effect on the Company's results of operations. Furthermore, a significant increase in the price of one or more of these components could adversely affect the Company's results of operations.

Income Taxes Deferred income taxes are provided in amounts sufficient to give effect to temporary differences between financial and tax reporting. The Company accounts for tax credits as reductions of income tax expense in the year in which such credits are allowable for tax purposes.

The Company utilizes the asset and liability method for computing its deferred income taxes. Under the asset and liability method, deferred tax assets and liabilities are based on the temporary difference between the financial statement and tax basis of assets and liabilities and the enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Long-lived Assets Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable based on estimated future undiscounted cash flows. The Company recorded asset write-offs on molds and equipment which were determined to have no future use of approximately \$3.5 million, \$5.9 million, and \$2.0 million for 2001, 2000 and 1999, respectively. All impairment losses are included in the Company's cost of sales.

Accounting Estimates The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-based Compensation The Company accounts for stock-based compensation under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. APB No. 25 requires compensation cost to be recorded on the date of the grant only if the current market price of the underlying stock exceeds the exercise price. The Company has adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-based Compensation.

Comprehensive Income Comprehensive income represents the change in shareholders' equity resulting from other than shareholder investments and distributions. The Company's foreign currency translation adjustments and unrealized gains and losses on marketable securities are included in accumulated comprehensive income (loss). The effect of deferred taxes on other comprehensive income is not material.

Recent Accounting Pronouncements In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. Intangible assets with definite useful lives must be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.

The Company is required to adopt the provisions of SFAS No.141 immediately and SFAS No. 142 becomes effective for fiscal years beginning after December 15, 2001. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 will continue to be amortized prior to the adoption of SFAS No. 142.

SFAS No. 141 will require upon adoption of SFAS No. 142, that the Company evaluate its existing intangible assets and goodwill that were acquired in a prior purchase business combinations, and to make any necessary reclassifications in order to conform with the new criteria in SFAS No. 141 for recognition apart from goodwill. Upon adoption of SFAS No. 142, the Company will also be required to reassess the useful lives of all intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments. In addition, to the extent an intangible asset is identified as having an indefinite useful life, the Company will be required to test the intangible asset for impairment. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect of a change in accounting principle.

In connection with the transitional goodwill impairment evaluation, SFAS No. 142 will require the Company to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. To

accomplish this the Company must identify its reporting units and determine the fair value of each reporting unit and compare it to the reporting unit's carrying amount. If a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must compare the implied fair value of the reporting unit's goodwill, determined by allocating the reporting unit's fair value to all of its assets and liabilities in a manner similar to a purchase price allocation in accordance with SFAS No.141, to its carrying amount, both of which would be measured as of the date of adoption. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statement of Operations.

As of the date of adoption, the Company expects to have unamortized goodwill in the amount of \$20.3 million and unamortized identifiable intangible assets in the amount of \$31.5 million. Amortization expense related to goodwill was \$1.2 million, \$0.7 million and none for 2001, 2000 and 1999, respectively. Because of the extensive effort needed to comply with adopting Statement No. 142, it is not practicable to reasonably estimate the impact of adopting this Statement on the Company's financial statements at the date of this report, including whether any transitional impairment losses will be required to be recognized as the cumulative effect of a change in accounting principle.

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, it retains many of the fundamental provisions of that Statement. SFAS No. 144 becomes effective for fiscal years beginning after December 15, 2001. The Company is evaluating SFAS No. 144 to determine the impact on its financial condition and results of operations.

Change in Method of Accounting for Inventories Effective August 27, 2000, the Company changed its method of accounting for its domestic inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. Management believes that the accounting change is preferable in the circumstances because the accounting change provides a better matching of costs and revenues in periods when the cost of goods and services are declining. In accordance with accounting principles generally accepted in the United States of America, the financial statements of prior periods have been restated to apply the new method retroactively. Accordingly, retained earnings at August 29, 1998 on the accompanying statement of shareholders' equity sheet has been adjusted for the effect (net of income taxes) of applying retroactively the new method of accounting.

The effect of the accounting change on income and earnings per share are as follows:

Effect on:	2001	2000	1999
Net income (loss)	\$ (404)	\$2,642	\$ (236)
Basic earnings (loss) per common share	\$(0.01)	\$ 0.06	\$(0.01)
Diluted earnings (loss) per common share	\$(0.01)	\$ 0.06	\$(0.01)

## (2) ACQUISITIONS

The Company completed four acquisitions in fiscal 2001. In March 2001, the Company acquired the fluid handling component product line of Nisso Engineering Co., Ltd. a Japanese company for \$10.4 million. Patents and goodwill of approximately \$2.3 million and \$8.0 million, respectively, were recorded in connection with the transaction. In May 2001, the Company completed its acquisition of 100% of the common stock of NT International, which designs and manufactures patented ultrahigh purity flow and pressure measurement sensors and controllers, for a cash payment of \$27.5 million. Identifiable intangible assets, including patents, and goodwill of approximately \$20.1 million and \$6.0 million, respectively, were recorded in connection with the transaction. In the fourth quarter of fiscal 2001, the Company completed the acquisition of 100% of the common stock of Atcor Corporation and the operating assets and liabilities of Critical Clean Solutions, Inc., which provide precision cleaning systems, products and services to the semiconductor industry, for cash payments totaling of \$16.0 million. Identifiable intangible assets and goodwill of approximately \$7.6 million and \$2.5 million, respectively, were recorded in connection with the transactions.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the dates of acquisition. The Company is in the process of reviewing and finalizing third-party valuations of certain tangible and intangible assets.

Nisso	NT	Atcor	Critical Clea
-------	----	-------	---------------

(In thousands)	Engineering	International	Corporation	Solutions
Current assets	\$ 678	\$ 1,292	\$ 6,338	\$ 373
Property and equipment	50	661	2,086	5,862
Intangible assets	2,250	20,090	7,578	--
Goodwill	8,051	6,047	2,494	--
Other assets	38	--	507	--
Total assets acquired	11,067	28,090	19,003	6235
Current liabilities	573	590	4,103	1,464
Long-term debt	119	--	184	3,481
Total liabilities	692	590	4,287	4,945
Net assets acquired	\$10,375	\$27,500	\$14,716	\$1,290

Each of the above transactions was accounted for by the purchase method. Accordingly, the Company's consolidated financial statements include the net assets and results of operations from the dates of acquisition. The following table provides Company results as if the acquisitions occurred at the beginning of each period presented.

(In thousands)	2001		2000	
	As reported	Pro forma	As reported	Pro forma
Net sales	\$342,444	\$366,827	\$343,465	\$368,041
Net income	38,616	36,278	47,933	44,396
Basic earnings per share	0.56	0.53	(0.02)	(0.10)
Diluted earnings per share	0.53	0.50	(0.02)	(0.10)

In October 1999, the Company acquired the assets of a polymer machining business located in Upland, California for \$2.7 million. The acquisition was accounted for under the purchase method of accounting. The excess of the purchase price over the net assets acquired was \$1.1 million and was allocated to goodwill. Results of operations are included in the consolidated financial statements subsequent to October 1999.

### (3) INVENTORIES

Inventories consist of the following (in thousands):

	2001	2000
Raw materials.....	\$15,167	\$12,677
Work-in-process.....	1,451	3,280
Finished goods.....	29,971	25,794
Supplies.....	613	225
	\$47,202	\$41,976

### (4) PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consists of the following (in thousands):

	2001	2000	Estimated Useful Lives
Land.....	\$ 10,112	\$ 10,481	
Buildings and improvements.....	59,502	55,080	5-35
Manufacturing equipment.....	79,731	79,413	5-10
Molds.....	61,683	64,951	3-5
Office furniture and equipment.....	42,037	38,399	3-8
	253,065	248,324	
Less accumulated depreciation.....	143,934	140,591	
	\$109,131	\$107,733	

Depreciation expense was \$22.0 million, \$25.3 million and \$27.8 million in 2001, 2000 and 1999, respectively.



(5) INVESTMENTS

The Company's investments consist primarily of its equity ownership in its affiliate, Metron Technology N.V. (Metron), a worldwide provider of semiconductor equipment and materials support. Through February 2001, the Company accounted for its investment in Metron using the equity method. In March 2001, the Company surrendered ownership of 1.125 million shares of its investment in Metron Technology N.V. (Metron) in connection with the transaction described in Note 10 under the caption "Nonrecurring charges". As a result, the Company's percentage ownership in Metron decreased to approximately 12%. Accordingly, the Company discontinued application of the equity method to account for its investment in Metron. The Company's remaining investment in Metron is accounted for as an available-for-sale security. At August 25, 2001, the Company owned approximately 1.6 million shares of Metron with a market value of \$11.0 million.

While under the equity method, the Company's investment in Metron was accounted for using a three-month lag due to Metron's May year end. Sales to Metron were \$85.3 million, \$81.9 million and \$31.8 million in 2001, 2000 and 1999, respectively. Trade accounts receivable relating to these sales as of August 25, 2001 and August 26, 2000 were \$6.1 million and \$20.3 million, respectively.

A summary of assets and liabilities for Metron as of May 31, 2000 included current assets of \$159.8 million, noncurrent assets of \$21.6 million, current liabilities of \$105.4 million, noncurrent liabilities of \$3.5 million and shareholders' equity of \$72.5 million. Metron's results of operations for the year ended May 31, 2000 included net sales of \$337.6 million and net income of \$ 7.8 million.

In November 1999, the Company sold 612,000 shares of its investment in Metron as part of an initial public offering, receiving proceeds of \$7.4 million, while recognizing a gain of \$5.5 million. The Company's ownership percentage decreased to 20.3% as a result of the public offering and subsequent share issuances for exercised stock options by Metron. The value of the Company's investment increased as a result of the initial public offering and was reflected as an increase to retained earnings of \$5.0 million.

In 1999, our ownership percentage in Metron was reduced from 37.5% to 32.8% due to the dilution of ownership resulting from an acquisition by Metron. The Company recorded this \$0.6 million reduction in its investment through retained earnings.

(6) ACCRUED LIABILITIES

Accrued liabilities consist of the following (in thousands):

	2001	2000
Payroll and related benefits.....	\$12,515	\$15,678
Insurance.....	2,475	1,850
Taxes, other than income taxes.....	1,215	1,647
Pension.....	2,159	2,532
Interest.....	44	42
Donations.....	1,711	2,244
Accruals related to nonrecurring charges.....	3,559	--
Warranty and related.....	3,350	3,624
Other.....	6,602	2,939
	\$33,630	\$30,556

(7) LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	2001	2000
Stock redemption notes payable in various installments along with monthly interest of 6%, 8%, and 9% through December 2010.....	\$ 4,427	\$ 4,802
Commercial loans payable on a monthly basis in principal installments of \$56, with interest ranging from 1.68% to 3.15% and various maturities through September 2015.....	3,250	3,722
Commercial loan payable on a semiannual basis in principal installments of \$215 and interest ranging from 4.5% to 6% and various maturities through December 2007.....	2,122	2,522
Small Business Administration loans payable on a monthly basis in principal installments of \$15 and interest ranging from 5.7% to 7.3% and various maturities through October 2020...	2,963	--
Commercial loan secured by equipment payable on a monthly basis in principal installments of		



\$21 and interest ranging from 8.0% to 22.7% and various maturities through December 2005.....	970	--
Industrial Revenue Bonds payable on a semiannual basis with principal installments of \$50 through October 2012, and variable interest ranging from 2.35% to 5.90%.....	1,250	1,350
Other.....	357	254
<hr/>		
Total.....	15,339	12,650
Less current maturities.....	2,238	1,828
<hr/>		
	\$13,101	\$10,822
<hr/>		

Annual maturities of long-term debt as of August 25, 2001, are as follows (in thousands):

Fiscal Years Ending	
2002.....	\$ 2,238
2003.....	2,108
2004.....	1,888
2005.....	1,671
2006.....	1,333
Thereafter.....	6,101
<hr/>	
	\$15,339
<hr/>	

During fiscal 2000, the Company signed new debt agreements which replaced the unsecured senior notes payable and the unsecured reducing revolving commitments. These new agreements contain substantially identical terms as the former agreements. The new agreements require the Company to maintain certain quarterly financial covenants beginning with the quarter ended February 28, 2000.

During the fourth quarter fiscal 2000, the Company retired \$42 million of long-term and capital lease obligations, utilizing a portion of the proceeds raised in the Company's initial public offering. In connection therewith, prepayment costs of \$1.8 million (\$1.1 million after taxes) were incurred by the Company. This amount is reported in the Consolidated Statements of Operations as "Extraordinary loss on extinguishment of debt, net of taxes".

#### (8) SHORT-TERM BANK BORROWINGS

The Company has a revolving commitment with two commercial banks for aggregate borrowings of \$30 million with interest at the LIBOR rate (3.6% at August 25, 2001), plus 1.4%. There was no balance outstanding under this commitment at either August 25, 2001 or August 26, 2000.

The Company has entered into line of credit agreements with six international commercial banks, which provide for aggregate borrowings of 1 million Deutsche marks, 2.5 million Malaysia ringgits and 1,008 million Japanese yen for its foreign subsidiaries, which is equivalent to \$9.5 million as of August 25, 2001. Interest rates for these facilities are based on a factor of the banks' reference rates and ranged from 1.375% to 8.0% during 2001. Borrowings outstanding under these line of credit agreements at August 25, 2001 and August 26, 2000, were \$3.8 million and \$8.3 million, respectively.

The company also owed \$5.0 million in other short-term bank borrowings not subject to formal credit agreements.

#### (9) LEASE COMMITMENTS

As of August 25, 2001, the Company was obligated under noncancellable operating lease agreements for certain equipment and buildings. Future minimum lease payments for noncancellable operating leases with initial or remaining terms in excess of one year are as follows (in thousands):

Fiscal Year Ending	
2002.....	\$ 2,753
2003.....	1,990
2004.....	1,589
2005.....	1,148
2006.....	662
Thereafter.....	2,809
<hr/>	
Total minimum lease payments.....	10,951
Less minimum sublease rentals.....	210
<hr/>	

=====  
 Total rental expense for all equipment and building operating leases was \$4.0 million, \$4.9million and \$6.1 million in 2001, 2000 and 1999, respectively. See note 20 for related party leases included above.

(10) NONRECURRING CHARGES

Operating results in fiscal 2001 included two nonrecurring charges. During the second quarter, the Company recorded a charge of \$8.2 million related to the early termination of a distribution agreement for the Microelectronics Group with its affiliate, Metron Technology N.V. (Metron). Pursuant to the termination agreement, the Company assumed direct sales responsibility for Microelectronics Group product sales in Europe and Asia, and transferred to Metron 1.125 million shares of Metron stock and agreed to make cash payments totaling \$1.75 million over a 15-month period. Entegris also agreed to buy back certain microelectronics product inventory from Metron. The Company and Metron also executed a new distribution agreement for Entegris' Fluid Handling Group products, which now runs through August 31, 2005.

During the third quarter, the Company recorded a \$4.9 million charge in connection with the closing of its Castle Rock, Colorado and Munmak, Korea facilities. The charge included \$1.7 million in termination costs related to a workforce reduction of 170 employees and \$1.4 million for estimated losses for asset disposals. In addition the charge included \$1.8 million for future lease commitments on the Castle Rock facility, the lessor of which is a major shareholder of the Company. As of August 25, 2001, future cash outflows of \$2.2 million remained outstanding, mainly related to the lease commitments.

(11) INTEREST (INCOME) EXPENSE, NET

Interest (income) expense, net consists of the following (in thousands):

	2001	2000	1999
Interest expense.....	\$ 1,505	\$4,614	\$6,441
Interest income.....	5,982	2,192	943
Interest (income) expense, net.....	\$(4,477)	\$2,422	\$5,498

(12) OTHER INCOME, NET

Other income, net consists the following (in thousands):

	2001	2000	1999
Gain (loss) on sale of property and equipment.....	\$ 146	\$ (803)	\$ (543)
Gain on sale of investment in affiliate.....	--	5,468	--
Gain (loss) on foreign currency translation.....	(40)	438	1,121
Other, net.....	1,027	(158)	1,272
	\$ 1,133	\$4,945	\$1,850

(13) INCOME TAXES

Income before income taxes was derived from the following sources (in thousands):

	2001	2000	1999
Domestic.....	\$45,719	\$61,439	\$ 7,972
Foreign.....	14,391	13,192	3,705
	\$60,110	\$74,631	\$11,677

Income tax expense (benefit) is summarized as follows (in thousands):

	2001	2000	1999
Current:			
Federal.....	16,395	\$20,462	\$2,917
State.....	2,309	3,487	512
Foreign.....	4,247	2,275	1,343

	22,951	26,224	4,772
Deferred:			
Federal.....	(1,500)	414	(264)
State.....	(112)	116	16
	(1,612)	530	(248)
	\$21,339	\$26,754	\$4,524

Income tax expense differs from the expected amounts based upon the statutory federal tax rates as follows:

	2001	2000	1999
Expected federal income tax at statutory rate.....	35.0%	35.0%	35.0%
State income taxes, net of federal tax effect.....	2.5	3.1	2.8
Effect of foreign source income.....	0.1	(0.7)	6.3
Foreign sales corporation income not subject to tax.....	(1.9)	(1.4)	(6.2)
Research tax credit.....	(0.6)	(0.4)	(3.1)
Other items, net.....	0.4	0.2	3.9
	35.5%	35.8%	38.7%

At August 25, 2001, there were approximately \$3.2 million of accumulated undistributed earnings of subsidiaries outside the United States that are considered to be reinvested indefinitely. No deferred tax liability has been provided on such earnings. If they were remitted to the Company, applicable U.S. federal and foreign withholding taxes would be substantially offset by available foreign tax credits.

During the year ended August 25, 2001, \$3.4 million was added to additional paid-in capital in accordance with APB No. 25 reflecting the tax difference relating to employee stock option transactions.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at August 25, 2001 and August 26, 2000 are as follows (in thousands):

	2001	2000
Deferred tax assets:		
Allowance for doubtful accounts.....	\$ 1,171	\$ 1,155
Inventory items.....	3,519	2,698
Accruals not currently deductible for tax purposes.....	4,958	3,786
Other, net.....	1,287	1,117
Total deferred tax assets.....	10,935	8,756
Deferred tax liabilities:		
Accelerated depreciation.....	5,376	6,882
Other, net.....	5,510	2,119
Total deferred tax liabilities.....	10,886	9,001
Net deferred tax assets (liabilities).....	\$ 49	\$ (245)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based upon the level of historical taxable income and projections for future taxable income over the periods during which deferred tax assets are deductible, the Company believes it is more likely than not that the benefit of these deductible differences will be realized.

#### (14) SHAREHOLDERS' EQUITY

Initial Public Offering In July 2000, the Company completed an initial public offering of 9,890,000 shares of common stock at an offering price of \$11.00 per share. The Company received proceeds of \$99.0 million after deducting \$7.3 million and \$2.5 million for underwriting and issuance costs, respectively. Net proceeds were to be used for the retirement of debt, working capital and other general corporate purposes.

Stock Split In March 2000 the Company effected a two-for-one stock split of the Company's common stock to be effective prior to the Company's initial public offering. In connection with the stock split, the Company's board of directors also approved an increase in the Company's number of authorized common shares from 100,000,000 shares to 200,000,000 shares.

Employee Stock Ownership Plan and Trust Entegris maintains an Employee Stock Ownership Plan and Trust (ESOT). In August 1985 and August 1989, the ESOT purchased 27,790,156 shares of common stock of the Company from a shareholder. The ESOT borrowed funds, guaranteed by the Company, for \$4.8 million and obtained additional contributions to fund these purchases.

Employer contributions to the ESOT are determined from time to time by the board of directors at its discretion, and are made without regard to the profits of the Company. Contributions shall not exceed the amount allowable by the Internal Revenue Code. No contributions were made to the ESOT for 2001, 2000 or 1999. Employer contributions are allocated to separate accounts maintained for each participant in the proportion that the total qualified compensation of each participant bears to the total qualified compensation for all participants. Each participant's account is adjusted, at least annually, to reflect investment gains or losses.

ESOT shares totaled 14,422,366 and 17,910,514 as of August 25, 2001 and August 26, 2000, respectively. Prior to the company's initial public offering completed in July 2000, the ESOT plan contained a put option, whereby the Company agreed to purchase the vested shares distributed to terminated participants or their estates, at the appraised value of the shares as of the second August 31 following termination, or after the first August 31 upon death, disability, or attainment of age 65. The fair value of shares was estimated by an independent appraiser to be \$6.25 as of August 28, 1999.

On August 20, 1998, the board of directors approved a change to the distribution procedures, whereby a corporate bylaw restriction was eliminated. The impact of this restriction elimination allowed participants (beneficiaries and alternate payees) to receive their distribution in Company stock. This change was effective for distributions based on the August 29, 1998 valuation. Subsequent to the Company's initial public offering, all distributions will be in the form of Company stock.

Stock Option Plans In August 1999, Entegris, Inc. established the Entegris, Inc. 1999 Long-Term Incentive and Stock Option Plan (the 1999 Plan) and the Entegris, Inc. Outside Directors' Stock Option Plan (the Directors' Plan). The 1999 Plan and the Directors' Plan (the Plans) replaced similar plans in effect prior to the business combination described in Note 1. The maximum aggregate number of shares that may be granted under the plans is 11,732,982 and 1,000,000, respectively. The Plans state that the exercise price for these shares shall not be less than 100% of the fair market value of the common stock on the date of grant of such option.

Under the Directors' Plan, each outside director shall automatically be granted an option to purchase 15,000 shares upon the date the individual becomes a director. Annually, each outside director is automatically granted an option to purchase 9,000 shares. Options will be exercisable six months subsequent to the date of grant. The term of the option shall be ten years. The Plan states that the exercise price for these shares shall not be less than 100% of the fair market value of the common stock on the date of grant of such option.

Option activity for the 1999 Plan and the Directors' Plan is summarized as follows (shares in thousands):

	2001		2000		1999	
	Number of shares	Option price	Number of Shares	Option price	Number of Shares	Option Price
Options outstanding, beginning of year.....	7,307	\$3.78	5,899	\$2.72	6,010	\$2.72
Granted.....	1,454	9.17	1,772	7.27	--	--
Exercised.....	(1,228)	2.46	(106)	2.51	--	--
Canceled.....	(465)	6.58	(258)	4.21	(111)	2.57
Options outstanding, end of year.....	7,068	\$4.94	7,307	\$3.78	5,899	\$2.72
Options exercisable, end of year.....	4,683	\$3.57	4,618	\$2.70	3,855	\$2.54
Options available for grant, end of year.....	4,332		2,587		4,101	

Options outstanding for the 1999 Plan and the Directors' Plan at August 25, 2001 are summarized as follows (shares in thousands):

	Options Outstanding	Options Exercisable
	Weighted-	Weighted-

Range of Exercise Prices	Number Outstanding	Remaining Contractual Life	Average Exercise Price	Number Exercisable	Average Exercise Price
\$0.96 to \$1.50	761	4.5	\$ 1.31	761	\$ 1.31
\$3.15	3,654	6.4	3.15	3,163	3.15
\$4.22 to \$8.38	1,323	8.7	6.19	340	4.22
\$9.13 to \$13.01	1,329	8.8	10.68	419	10.39

The Company determined pro forma compensation expense under the provisions of SFAS No. 123 using the Black-Scholes pricing model and the following assumptions:

	2001	2000
Expected dividend yield.....	0%	0%
Expected stock price volatility.....	72%	90%
Risk-free interest rate.....	5.25%	5.50%
Expected life.....	10 years	10 years

Had compensation cost for option grants been determined consistent with SFAS No. 123, the Company's net income (loss), on a pro forma basis, would have been as follows (in thousands, except per share data):

	2001	2000	1999
Net income, as reported.....	\$38,616	\$47,933	\$5,965
Pro forma net income.....	33,788	45,705	4,839
Basic net earnings (loss) per share, as reported.....	0.56	(0.02)	(2.53)
Pro forma basic net earnings (loss) per share.....	0.49	(0.07)	(2.56)
Diluted net earnings (loss) per share, as reported.....	0.53	(0.02)	(2.53)
Pro forma diluted net earnings (loss) per share.....	0.46	(0.07)	(2.56)

The weighted average fair value of options granted during 2001 and 2000 with exercise prices equal to the market price at the date of grant was \$7.40 and \$6.95 per share, respectively. No options were granted in 1999.

Employee Stock Purchase Plan In March 2000, the Company's board of directors adopted, and our shareholders approved in May 2000, the Entegris, Inc. Employee Stock Purchase Plan (ESPP Plan). A total of 4,000,000 common shares were reserved for issuance under the ESPP Plan. The ESPP Plan allows employees to elect, at six-month intervals, to contribute up to 10% of their compensation, subject to certain limitations, to purchase shares of common stock at the lower of 85% of the fair market value on the first day or last day of each six-month period. As of August 25, 2001, 255,107 shares had been issued under the ESPP Plan at a weighted-average price of \$6.36.

#### (15) PENSION AND 401(k) SAVINGS PLAN

Entegris, Inc. has a defined contribution pension plan covering eligible employees. Contributions under this plan are determined by a formula set forth in the plan agreement. Total pension costs for 2001, 2000 and 1999 related to this plan were \$1.6 million, \$1.6 million and \$2.0 million, respectively.

The Company maintains 401(k) employee savings plans (the Plans) that qualify as deferred salary arrangements under Section 401(k) of the Internal Revenue Code. Under the Plans, eligible employees may defer a portion of their pretax wages, up to the Internal Revenue Service annual contribution limit. Effective January 1, 2000, the Company matches 100% of employees' contributions on the first 3% of eligible wages and 50% of employees' contributions on the next 2% of eligible wages, or a maximum match of 4% of the employee's eligible wages. The board of directors may, at its discretion, declare a profit sharing contribution in addition to the matching contribution, but all contributions are limited to the maximum amount deductible for federal income tax purposes. The employer profit sharing and matching contribution expense under the Plans was \$3.3 million, \$2.4 million and \$1.8 million in 2001, 2000 and 1999, respectively.

#### (16) EARNINGS (LOSS) PER SHARE (EPS)

Basic EPS is computed by dividing net income (loss) applicable to nonredeemable common stock by the weighted average number of shares of nonredeemable common stock outstanding during each period. Since basic EPS for 2000 and 1999 represents a loss per share of common stock, the effect of including the incremental shares of

common stock from assumed exercise of options and from assumed reclassification of redeemable common stock in EPS computation is anti-dilutive, and, accordingly, basic and diluted EPS are the same. The following table presents a reconciliation of the share amounts used in the computation of basic and diluted earnings (loss) per share (in thousands):

	2001	2000	1999
Denominator			
Basic earnings (loss) per share--Weighted common shares			
Outstanding.....	68,747	43,609	36,708
Weighted common shares assumed upon exercise of			
Options.....	4,248	--	--
Denominator for diluted earnings (loss) per share.....	72,995	43,609	36,708

(17) SEGMENT INFORMATION

The Company operates in one segment as it designs, develops, manufactures, markets and sells material management and handling products predominantly within the semiconductor industry. All products are sold on a worldwide basis.

The following table summarizes total net sales, based upon the country from which sales were made, and long-lived assets attributed to significant countries for 2001, 2000 and 1999, respectively (in thousands):

	2001	2000	1999
Net sales:			
United States.....	\$249,455	\$252,172	\$176,345
Japan.....	45,749	32,659	20,337
Germany.....	27,735	32,325	26,278
Malaysia.....	15,057	19,094	12,100
Korea.....	3,853	3,862	2,443
Singapore.....	595	3,353	4,449
	\$342,444	\$343,465	\$241,952
Long-lived assets:			
United States.....	\$ 78,339	\$ 71,626	\$ 84,271
Japan.....	9,767	10,297	7,100
Germany.....	5,517	5,625	6,484
Malaysia.....	14,562	15,466	12,955
Taiwan.....	82	--	--
Korea.....	575	4,719	5,131
Singapore.....	289	--	1,683
	\$109,131	\$107,733	\$117,624

Net sales from external customers attributable to the United States amounted to \$170.9 million, \$179.8 million and \$126.0 million in 2001, 2000 and 1999 respectively. Net sales from external customers attributable to countries other than the United States amounted to \$171.5 million, \$163.7 million and \$116.0 million in 2001, 2000 and 1999, respectively. In 2001, 2000 and 1999, no single nonaffiliated customer accounted for 10% or more of net sales.

(18) SUPPLEMENTARY CASH FLOW INFORMATION

	2001	2000	1999
Schedule of interest and income taxes paid (in thousands):			
Interest.....	\$ 1,503	\$ 5,142	\$ 6,633
Income taxes, net of refunds received.....	28,460	30,884	(3,052)

(19) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash equivalents, short-term investments and short-term debt approximates fair value due to the short maturity of those instruments.

The fair value of long-term debt was estimated using discounted cash flows based on market interest rates for similar instruments approximated its carrying value of \$15.8 million at August 25, 2001.

(20) RELATED-PARTY TRANSACTIONS

Leases The Company leases office space and production facilities under operating leases from a major shareholder's trust or from entities related to this shareholder. These leases, which expire through the year 2004, may be adjusted periodically based on a percentage of the increase in the consumer price index. The Company is required to pay for all real estate taxes, utilities and other operating expenses. Rent paid relating to these agreements totaled \$0.6 million, \$0.8 million and \$1.2 million for 2001, 2000 and 1999, respectively. In March 2000, the Company entered into an agreement to purchase certain real estate and personal property, which the Company previously leased from the related party. The purchase price of the property, which was purchased on May 1, 2000, was \$2.5 million.

Through December 2000, the Company allocated rental payments to Emplast, a previously owned company, totaling \$0.2 million, \$0.6 million and \$0.3 million in 2001, 2000 and 1999, respectively. In connection with Emplast's purchase of the facility in 2001, the company paid Emplast \$0.3 million to terminate the lease. As of August 25, 2001 and August 26, 2000, Emplast owed the Company \$40 thousand and \$0.8 million, respectively, which are included in other current assets in the accompanying consolidated balance sheets.

Notes Receivable At August 25, 2001, the Company has a \$0.8 million note receivable from a major stockholder trust which bears interest at 8.0% per year.

Debt Guarantees The Company guarantees a loan of a former officer and a major shareholder related to the Company's leased facility in Castle Rock, Colorado. This guarantee totaled \$1.4 million and \$1.5 million and at August 25, 2001 and August 26, 2000, respectively.

Sales to Minority Shareholder The Company sells products to Marubeni under normal business terms. Sales to Marubeni were \$17.4 million, \$16.2 million and \$12.0 million in 2001, 2000 and 1999, respectively. At August 25, 2001 and August 26, 2000, the Company had a receivable from Marubeni totaling \$1.0 million and \$2.5 million, respectively, due under normal trade terms. In addition, in February 1997, Marubeni was granted an option to buy 214,942 shares of the Company's common stock with an exercise price of \$5.19 per share. The grant was immediately vested and is exercisable for ten years.

(21) QUARTERLY INFORMATION-UNAUDITED (in thousands, except per share data)

	Quarter				Year
	First	Second	Third	Fourth	
Fiscal 2000					
Net sales	\$ 71,816	\$ 84,846	\$90,991	\$95,812	\$343,465
Gross profit	31,681	38,158	43,681	46,922	160,442
Income before extraordinary loss	12,054	10,330	12,014	14,684	49,082
Extraordinary loss	--	--	--	(1,149)	(1,149)
Net income	12,054	10,330	12,014	13,535	47,933
Basic earnings (loss) per nonredeemable common share:					
Income before extraordinary loss	(0.56)	(0.60)	0.79	0.23	0.01
Extraordinary loss	--	--	--	(0.02)	(0.03)
Net income	(0.56)	(0.60)	0.79	0.21	(0.02)
Diluted earnings (loss) per nonredeemable common share:					
Income before extraordinary loss	(0.56)	(0.60)	0.19	0.22	0.01
Extraordinary loss	--	--	--	(0.02)	(0.03)
Net income	(0.56)	(0.60)	0.19	0.20	(0.02)
Fiscal 2001					

Net sales	\$102,639	\$105,712	\$81,346	\$52,747	\$342,444
Gross profit	52,552	53,601	37,890	18,627	162,670
Net income (loss)	18,112	13,784	8,428	(1,708)	38,616
Basic earnings (loss) per share	.26	.20	.12	(.02)	.56
Diluted earnings (loss) per share	.25	.19	.12	(.02)	.53

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item, which is included in the Proxy Statement, is incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item, which is included in the Proxy Statement, is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item, which is included in the Proxy Statement, is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item, which is included in the Proxy Statement, is incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

1. Financial Statements

The Financial Statements required by this item, with the report of independent auditors, are submitted in a separate section beginning on page 28 of this report.

2. Financial Statement Schedules

The financial statement schedule "Schedule II--Valuation and Qualifying Accounts" is filed as part of this Report and should be read in conjunction with the consolidated financial statements.

All other schedules for which provisions are made in the applicable accounting regulation of the Securities and Exchange Commission have been omitted because the information required to be set forth therein is not applicable or is shown in the Financial Statements or notes thereto.

3. Exhibits

The following exhibits are filed herewith or incorporated by reference:



ITEM 14. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(b) Financial Statement Schedules

Exhibit ----- Number -----	Description of Document -----
3.1(i)	Articles of Incorporation of Entegris, Inc.
3.2(ii)	Amended and Restated Bylaws of Entegris, Inc.
3.3(i)	Audit Committee Charter of Entegris, Inc.
4.1(i)	Specimen of Common Stock Certificate
10.1(i)	Entegris, Inc. 1999 Long-Term Incentive and Stock Option Plan
10.2(i)	Entegris, Inc. Outside Directors' Option Plan
10.3(i)	Entegris, Inc. 2000 Employee Stock Purchase Plan
10.4(i)	Entegris, Inc. Employee Stock Ownership Plan
10.5(i)	Entegris, Inc. Pension Plan
10.6(i)	Entegris, Inc. 401(k) Savings and Profit Sharing Plan
10.7(i)	Employment Agreement between Delmer Jensen and Empak, Inc., dated as of January 1, 1999
10.8(i)	Lease Agreement between Empak, Inc. and Fleninge Partnership, dated June 15, 1993
10.9(i)	Lease Agreement between Empak, Inc. and Wayne C. Bongard, dated September 22, 1998
10.10(i)	Amended and Restated Sublease Agreement between Empak, Inc. and Emplast, Inc., dated April 28, 1997
10.11(i)	Real Estate Purchase and Sale Agreement between Fleninge Partnership and Entegris, Inc., dated March 15, 2000
10.12(i)	Promissory Note between Wayne C. Bongard estate and Empak, Inc., dated April 15, 1999
10.13(i)	Promissory Note between Fluoroware, Inc. and Dan Quernemoen, dated January 5, 1996
10.14(i)	Guaranty between Empak, Inc. and First Bank National Association, dated March 1, 1994
10.15(i)	Consolidation Agreement by and among Entegris, Inc., Fluoroware, Inc. and Empak, Inc., dated June 1, 1999
10.16	Worldwide Stocking Distributor Agreement Between Fluid Handling Group Entegris, Inc. and Metron Technology N.V. dated March 1, 2001
10.17(i)	Metron Semiconductors Europa B.V. Investor Rights Agreement dated July 6, 1995
10.18(i)	U.S. Stocking Distributor Five-Year Agreement as of September 1, 1997 between Fluoroware, Inc. and Kyser Company
10.19(i)	STAT-PRO(R) 3000 and STAT-PRO(R) 3000E Purchase and Supply Agreement between Fluoroware, Inc. and Miller Waste Mills, d/b/a RTP Company, dated April 6, 1998
10.20(i)	Amended and Restated Distributorship Agreement by and among Entegris, Inc., Empak, Inc., Marubeni America Corporation and Marubeni Corporation, dated as of December 1, 1999
10.21(i)+	PFA Purchase and Supply Agreement by and between E.I. Du Pont De Nemours and Company and Fluoroware, Inc., dated January 7, 1999, which was made effective retroactively to November 1, 1998, and supplemented by the Assignment and Limited Amendment by and between the same parties and Entegris, Inc., dated as of September 24, 1999
21.1	Subsidiaries of the Company
23.1	Independent Auditors' Consent

(i) Incorporated by reference from the Company's Registration Statement on Form S-1 (No. 333-33668), filed with the Commission on July 10, 2000, as amended through the date hereof.

(ii) Incorporated by reference from the Company's Report on Form 8K filed by the Company March 2, 2001.

+ Confidential information has been omitted from these exhibits and filed separately with the SEC accompanied by a confidential treatment request pursuant to Rule 406 under the Securities Act of 1933, as amended.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of instruments defining the rights of holders of certain long-term debt of Entegris are not filed, and in lieu thereof, Entegris agrees to furnish copies thereof to the SEC upon request.

(b) Reports on Form 8-K

No Reports on Form 8-K were filed during the quarter ended August 25, 2001.

(c) See Exhibits listed under Item 14(a)(3).

(d) Not applicable. See Item 14(a)(2).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Chaska, State of Minnesota, on November 21, 2001.

/s/ James E. Dauwalter  
-----

James E. Dauwalter  
President and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below each severally constitutes and appoints each of Stan Geyer and James E. Dauwalter, in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that the said attorney-in-fact, or their substitutes, may lawfully do, or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities stated and on the dates indicated.

Signatures	Title	Date
/s/ Daniel R. Quernomoen ----- Daniel R. Quernomoen	Director	November 21, 2001
/s / James A. Bernards ----- James A. Bernards	Director	November 21, 2001
/s / Robert J. Boehlke ----- Robert J. Boehlke	Director	November 21, 2001
/s / Mark A. Bongard ----- Mark A. Bongard	Director	November 21, 2001
/s/ James E. Dauwalter ----- James E. Dauwalter	President, Chief Executive Officer and Director	November 21, 2001
/s/ Stan Geyer ----- Stan Geyer	Chairman of the Board of Directors	November 21, 2001
/s / Delmer M. Jensen ----- Delmer M. Jensen	Director	November 21, 2001
/s / Gary F. Klingl ----- Gary F. Klingl	Director	November 21, 2001
/s / Roger D. McDaniel ----- Roger D. McDaniel	Director	November 21, 2001
/s / John D. Villas ----- John D. Villas	Executive Vice President and Chief Financial Officer (Chief Financial & Accounting Officer)	November 21, 2001

REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Entegris, Inc.:

Under date of October 5, 2001, we reported on the consolidated balance sheets of Entegris, Inc. and subsidiaries as of August 25, 2001 and August 26, 2000 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended August 25, 2001, as contained in the 2001 Annual Report to Shareholders. These consolidated financial statements and our report thereon are included in the annual report on Form 10-K for the fiscal year ended August 25, 2001. In connection with our audits of the aforementioned consolidated financial statements, we have also audited the related financial statement Schedule II -Valuation and Qualifying Accounts. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for domestic inventories in 2001.

/s/ KPMG LLP

Minneapolis, Minnesota  
October 5, 2001

Entegris, Inc.

Schedule II-Valuation and Qualifying Accounts  
(In thousands)

Description -----	Balance at Beginning of Period -----	Charged to Costs and Expenses ----- Additions -----	Deduction -----	Balance at End of Period -----
COL. A -----	COL. B -----	COL. C -----	COL. D -----	COL. E -----
Deducted from asset accounts:				
Year ended August 28, 1999:				
Allowance for doubtful receivables.....	\$1,322	213	330	\$1,205
	=====	=====	=====	=====
Inventory reserves.....	\$2,512	2,701	2,043	\$3,170
	=====	=====	=====	=====
Deducted from asset accounts:				
Year ended August 26, 2000:				
Allowance for doubtful receivables.....	\$1,205	1,493	174	\$2,524
	=====	=====	=====	=====
Inventory reserves.....	\$3,170	3,073	2,060	\$4,183
	=====	=====	=====	=====
Deducted from asset accounts:				
Year ended August 25, 2001:				
Allowance for doubtful receivables.....	\$2,524	(482)	434	\$1,608
	=====	=====	=====	=====
Inventory reserves.....	\$4,183	6,397	4,809	\$5,771
	=====	=====	=====	=====

## LIST OF SUBSIDIARIES

Name	Jurisdiction of Incorporation	Ownership Percentage
Empak (Entegris) Malaysia SDN BHD	Malaysia	100%
Empak Korea Yohan Hoesa	Korea	100%
Empak Hanbal Korea	Korea	100%
Entegris Europe, GmbH	Germany	100%
Nippon Fluoroware, K.K.	Japan	51%
Entegris Custom Products, Inc.	Minnesota	100%
Fluoroware Jamaica, FSC	Jamaica	100%
Empak Barbados, FSC	Barbados	100%
Fluoroware South East Asia, Ltd Pte	Singapore	100%
Fluoroware Valqua Japan, K.K.	Japan	51%
Entegris Upland, Inc.	California	100%
OregonLabs, LLC	Minnesota	94%
Entegris Techno K.K.	Japan	70%
NT International, Inc.	Minnesota	100%
Entegris Netherlands, Inc.	Minnesota	100%
Entegris Taiwan, Inc.	Minnesota	100%
Atcor Corporation	California	100%
Atcor Corporation Singapore Pte. Ltd.	Singapore	100% (1)
Atcor JCS Pte. Ltd.	Singapore	70% (1)
Xiangfan Huaguang Atcor Technology LLC	China	45% (1)

- - - - -  
(1) Owned by Atcor Corporation

Independent Auditors' Consent

The Board of Directors  
Entegris, Inc:

We consent to the incorporation by reference in the Registration Statement (No. 333-53382) on Form S-8 of Entegris, Inc. of our report dated October 5, 2001, with respect to the consolidated balance sheets of Entegris, Inc. and subsidiaries as of August 25, 2001 and August 26, 2000, and the related consolidated statements of operations, shareholders' equity and cash flows, for each of the years in the three-year period ended August 25, 2001, and the related financial statement schedule, which report appears in the August 25, 2001, annual report on Form 10-K of Entegris, Inc.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for domestic inventories in 2001.

/s/ KPMG LLP

Minneapolis, Minnesota  
November 21, 2001