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

FORM 10-Q

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

or

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

For Quarter Ended December 31, 2005

Commission File Number 000-30789

ENTEGRIS, INC.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of incorporation)

41-1941551
(IRS Employer ID No.)

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

Registrant's Telephone Number (952) 556-3131

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

<u>Class</u>	<u>Outstanding at January 31, 2006</u>
Common Stock, \$0.01 Par Value	137,203,015

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Item 1. Financial Statements

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

<i>(In thousands, except share data)</i>	<u>December 31, 2005</u>	<u>August 27, 2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 166,863	\$ 174,578
Short-term investments	107,540	104,820
Trade accounts and notes receivable, net of allowance for doubtful accounts of \$1,434 and \$2,199	111,058	120,792
Inventories	69,535	90,844
Deferred tax assets	26,078	13,883
Assets of discontinued operations and other assets held for sale	14,655	29,408
Other current assets	10,635	8,476
Total current assets	<u>506,364</u>	<u>542,801</u>
Property, plant and equipment, net of accumulated depreciation of \$186,856 and \$187,638	120,323	123,607
Other assets:		
Investments	6,338	6,926
Restricted cash	1,233	1,382
Goodwill	404,300	400,882
Other intangible assets, net	89,244	94,701
Deferred tax assets	10,614	9,933
Other	4,730	5,388
Total assets	<u>\$1,143,146</u>	<u>\$1,185,620</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 797	\$ 1,912
Short-term borrowings	2,290	3,629
Accounts payable	33,585	33,368
Accrued liabilities	59,482	64,450
Income taxes payable	15,775	18,810
Liabilities associated with assets held for sale, net	—	2,687
Total current liabilities	<u>111,929</u>	<u>124,856</u>
Long-term debt, less current maturities	3,383	21,800
Pension benefit obligation	11,433	11,090
Other liabilities	3,582	4,460
Commitments and contingent liabilities		
Shareholders' equity:		
Common stock, par value \$.01; 200,000,000 shares authorized; issued and outstanding shares: 136,043,921 and 135,299,395	1,360	1,353
Additional paid-in capital	809,012	815,929
Deferred compensation expense	—	(21,906)
Retained earnings	206,936	225,260
Accumulated other comprehensive (loss) income	(4,489)	2,778
Total shareholders' equity	<u>1,012,819</u>	<u>1,023,414</u>
Total liabilities and shareholders' equity	<u>\$1,143,146</u>	<u>\$1,185,620</u>

See the accompanying notes to consolidated financial statements.

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

	Four Months Ended	
	December 31, 2005	December 31, 2004
<i>(In thousands, except per share data)</i>		
Sales to non-affiliates	\$ 202,296	\$ 107,875
Sales to affiliate	—	9,751
Net sales	202,296	117,626
Cost of sales	132,332	69,057
Gross profit	69,964	48,569
Selling, general and administrative expenses	77,788	31,918
Engineering, research and development expenses	13,914	6,274
Operating (loss) income	(21,738)	10,377
Interest income, net	2,440	473
Other expense, net	(62)	(214)
(Loss) income before income taxes	(19,360)	10,636
Income tax (benefit) expense	(9,009)	2,998
Equity in net (earnings) loss of affiliates	(70)	27
(Loss) income from continuing operations	(10,281)	7,611
Loss from operations of discontinued businesses, net of taxes	(1,375)	(1,041)
Impairment loss on assets of discontinued businesses, net of taxes	(6,668)	—
Total discontinued operations, net of taxes	(8,043)	(1,041)
Net (loss) income	\$ (18,324)	\$ 6,570
Basic (loss) earnings per common share:		
Continuing operations	\$ (0.08)	\$ 0.10
Discontinued operations	(0.06)	(0.01)
Net (loss) income	\$ (0.14)	\$ 0.09
Diluted (loss) earnings per common share:		
Continuing operations	\$ (0.08)	\$ 0.10
Discontinued operations	(0.06)	(0.01)
Net (loss) income	\$ (0.14)	\$ 0.09
Weighted shares outstanding:		
Basic	135,437	73,198
Diluted	135,437	75,120

See accompanying notes to consolidated financial statements.

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

<i>(In thousands)</i>	Common shares outstanding	Common stock	Additional paid-in capital	Deferred compensation expense	Retained earnings	Accumulated other comprehensive income (loss)	Total	Comprehensive (loss) income
Balance at August 28, 2004	73,380	\$ 734	\$ 152,869	\$ (1,586)	\$216,963	\$ 3,205	\$ 372,185	
Shares issued pursuant to stock option plans	71	1	274	—	—	—	275	
Deferred compensation related to restricted stock awards	547	5	2,950	(2,955)	—	—	—	
Compensation earned in connection with restricted stock awards	—	—	—	638	—	—	638	
Repurchase and retirement of shares	(224)	(2)	(731)	—	(1,096)	—	(1,829)	
Foreign currency translation adjustment	—	—	—	—	—	2,319	2,319	2,319
Net income	—	—	—	—	6,570	—	6,570	6,570
Total comprehensive income								\$ 8,889
Balance at December 31, 2004	73,774	\$ 738	\$ 155,362	\$ (3,903)	\$222,437	\$ 5,524	\$ 380,158	
Balance at August 27, 2005	135,299	\$1,353	\$ 815,929	\$ (21,906)	\$225,260	\$ 2,778	\$1,023,414	
Reclassification upon adoption of SFAS No. 123(R)	—	—	(21,906)	21,906	—	—	—	
Shares issued under stock option plans	745	7	3,832	—	—	—	3,839	
Stock-based compensation expense	—	—	11,053	—	—	—	11,053	
Tax benefit associated with stock plans	—	—	104	—	—	—	104	
Foreign currency translation	—	—	—	—	—	(7,225)	(7,225)	\$ (7,225)
Net change in unrealized loss on marketable securities, net of tax	—	—	—	—	—	(42)	(42)	(42)
Net loss	—	—	—	—	(18,324)	—	(18,324)	(18,324)
Total comprehensive loss								\$ (25,591)
Balance at December 31, 2005	136,044	\$1,360	\$ 809,012	\$ —	\$206,936	\$ (4,489)	\$1,012,819	

See the accompanying notes to consolidated financial statements.

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

	Four Months Ended	
<i>(In thousands)</i>	December 31, 2005	December 31, 2004
Operating activities:		
Net (loss) income	\$ (18,324)	\$ 6,570
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Loss from discontinued operations	8,043	1,041
Depreciation and amortization	14,049	7,217
Stock-based compensation expense	11,053	638
Tax benefits from employee stock plans	104	—
Impairment of property and equipment	1,682	294
Provision for doubtful accounts	(609)	55
Provision for deferred income taxes	(12,237)	94
Charge for fair value mark-up of acquired inventory sold	17,837	—
Equity in net (earnings) loss of affiliates	(70)	27
(Gain) loss on sale of property and equipment	1,249	(452)
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Trade accounts receivable	7,617	9,285
Trade accounts receivable due from affiliates	—	1,602
Inventories	1,912	(447)
Accounts payable and accrued liabilities	(3,838)	(4,823)
Other current assets	(2,201)	(1,337)
Income taxes payable and refundable income taxes	(2,968)	(2,360)
Other	195	35
Net cash provided by operating activities	23,494	17,439
Investing activities:		
Acquisition of property and equipment	(10,705)	(4,370)
Proceeds from sales of property and equipment	583	2,081
Purchases of short-term investments	(14,265)	(13,216)
Proceeds from sale or maturities of short-term investments	11,564	9,746
Other	(76)	(13)
Net cash used in investing activities	(13,631)	(6,044)
Financing activities:		
Principal payments on short-term borrowings and long-term debt	(22,853)	(5,005)
Proceeds from short-term borrowings and long-term debt	3,478	3,704
Repurchase and retirement of common stock	—	(1,829)
Issuance of common stock	3,839	275
Net cash used in financing activities	(15,536)	(2,855)
Net cash provided by (used in) discontinued operations	1,682	(688)
Effect of exchange rate changes on cash and cash equivalents	(3,724)	217
(Decrease) increase in cash and cash equivalents	(7,715)	8,069
Cash and cash equivalents at beginning of period	174,578	75,388
Cash and cash equivalents at end of period	\$ 166,863	\$ 83,457

See the accompanying notes to consolidated financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position as of December 31, 2005 and August 27, 2005, the results of operations for the four months ended December 31, 2005 and December 31, 2004, and shareholders' equity and comprehensive (loss) income, and cash flows for the four months ended December 31, 2005 and December 31, 2004.

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

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

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

Prior to December 13, 2005, the Company had a 52-week or 53-week fiscal year period ending on the last Saturday of August. The fiscal years ending August 27, 2005 and August 28, 2004 comprised 52 weeks. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ending August 27, 2005 is referred to as "fiscal 2005". On December 13, 2005 the registrant's Board of Directors approved the change of the Company's fiscal year to the calendar year, ending on December 31 of each year. Accordingly, the registrant is filing this transition report on Form 10-Q covering the period from August 28, 2005 through December 31, 2005.

2. DISCONTINUED OPERATIONS

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

As part of the purchase accounting allocation of the acquisition of Mykrolis, the fair value of the assets of the gas delivery product line were classified as assets held for sale as of the date of the August 6, 2005 acquisition. In conjunction with the establishment of management's first quarter plan to sell the life science and tape and reel product lines, the fair value of the assets of those product lines were tested for impairment and, where applicable, adjusted to fair value. Accordingly, the Company recorded impairment and disposal losses of \$6.7 million, after taxes. The assets and liabilities of the life sciences product line were sold on December 16, 2005 for cash consideration of \$0.8 million. The assets of the tape and reel product line were sold on December 27, 2005 for cash consideration of \$1.0 million. The assets and liabilities of the gas delivery product line have been classified

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as assets held for sale as of December 31, 2005. The consolidated financial statements have been reclassified to segregate as discontinued operations the assets and liabilities, and operating results of, the product lines to be divested for all prior periods presented.

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

	Four Months Ended	
	December 31, 2005	December 31, 2004
Net sales	\$ 15,473	\$ 1,953
Loss from discontinued operations, before income taxes	\$ (9,599)	\$ (1,669)
Income tax benefit	1,556	628
Loss from discontinued operations, net of taxes	\$ (8,043)	\$ (1,041)

Net assets of discontinued operations at December 31, 2005 consisted of the following (in thousands):

	December 31, 2005
Inventory	\$ 13,145
Other	455
Total assets	13,600
Liabilities	—
Net assets of discontinued operations	\$ 13,600

In addition to the amounts noted in the table above, assets of discontinued operations and other assets held for sale shown in the Consolidated Balance Sheet as of December 31, 2005 include a building held for sale carried at \$1.1 million.

On January 7, 2006, the Company signed a purchase agreement to sell the assets of its gas delivery product line for approximately \$15 million, subject to adjustments for severance and sublease payments. The Company closed the sale of the gas delivery assets effective February 3, 2006.

3. SHARE-BASED COMPENSATION EXPENSE

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

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of August 28, 2005, the first day of the Company's fiscal year 2006. The Company's Consolidated Financial Statements as of and for the four months ended December 31, 2005 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company's Consolidated Financial Statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Share-based compensation expense recorded under SFAS 123(R) for the four months ended December 31, 2005 was \$11.1 million. Share-based compensation expense of \$0.6 million for the four months ended December 31, 2004 was related to restricted stock grants that the Company had been recognizing under previous accounting standards. There was no share-based compensation expense related to employee stock options and employee stock purchases recognized during the four months ended December 31, 2004.

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The effect of adopting SFAS 123 (R) was to increase share-based compensation expense, increasing the Company's reported operating loss and loss before income taxes by \$1.3 million, and the reported net loss by \$0.8 million, or \$0.01 per basic and diluted common share.

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

Share-based compensation expense recognized for periods after the adoption of SFAS 123(R) is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense recognized in the Company's Consolidated Statement of Operations for the four months ended December 31, 2005 includes compensation expense for share-based payment awards granted prior to, but not yet vested as of August 27, 2005 based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123. No share-based payment awards to employees have been granted subsequent to August 27, 2005; accordingly, there was no compensation expense based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). In conjunction with the adoption of SFAS 123(R), the Company changed its method of attributing the value of share-based compensation to expense from the accelerated multiple-option approach to the straight-line single option method. Compensation expense for all share-based payment awards granted on or prior to August 27, 2005 will continue to be recognized using the accelerated multiple-option approach, while compensation expense for all share-based payment awards granted subsequent to August 27, 2005 will be recognized using the straight-line single-option method. As share-based compensation expense recognized in the Consolidated Statement of Operations for the four months ended December 31, 2005 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

There were no share-based awards made to employees during the four months ended December 31, 2005. Prior to August 28, 2005, the Company used the Black-Scholes option-pricing model (Black-Scholes model) for the Company's pro forma information required under SFAS 123. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors and forfeitures.

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

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Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan, the Entegris, Inc. Employee Stock Purchase Plan (ESPP). A total of 4,000,000 common shares were reserved for issuance under the ESPP. The ESPP allows employees to elect, at six-month intervals, to contribute up to 10% of their compensation, subject to certain limitations, to purchase shares of common stock at the lower of 85% of the fair market value on the first day or last day of each six-month period. The Company treats the ESPP as a compensatory plan under SFAS 123(R). As of December 31, 2005, 0.9 million shares had been issued under the ESPP. During the four-month periods ended December 31, 2005 and December 31, 2004, the Company issued no shares under the Purchase Plan. At December 31, 2005, 3.1 million shares were available for issuance under the Purchase Plan.

Employee Stock Option Plans

As of December 31, 2005, the Company had five stock incentive plans: the Entegris, Inc. 1999 Long-Term Incentive and Stock Option Plan (the 1999 Plan), the Entegris, Inc. Outside Directors' Option Plan (the Directors' Plan) and three former Mykrolis stock option plans assumed by the Company on August 10, 2005: The 2001 Equity Incentive Plan (the 2001 Plan), the 2003 Employment Inducement and Acquisition Stock Option Plan (the Employment Inducement Plan) and the 2001 Non-Employee Director Stock Option Plan (the 2001 Directors Plan). At present, the Company intends to issue new common shares upon the exercise of stock options. The plans are described in more detail below.

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

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

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

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

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Millipore Plan

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

General Option Information

Option activity for the 1999 Plan and the Directors' Plan for the four months ended December 31, 2005 is summarized as follows (share and aggregate intrinsic value amounts in thousands):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, beginning of period	8,826	\$ 7.30		
Granted	—			
Exercised	(231)	\$ 4.23		
Canceled	(94)	\$ 10.43		
Options outstanding, end of period	8,501	\$ 7.35	5.3	\$21,573
Options exercisable	7,762	\$ 7.33	5.3	\$20,161
Shares available for future grant	4,064			

Option activity for the 2001 Plan, the Employment Inducement Plan, the 2001 Directors Plan and the Millipore plan for the four months ended December 31, 2005 is summarized as follows (share and aggregate intrinsic value amounts in thousands):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, beginning of period	8,599	\$ 8.38		
Granted	—			
Exercised	(508)	\$ 5.64		
Canceled	(93)	\$ 10.39		
Options outstanding, end of period	7,998	\$ 8.53	3.9	\$12,303
Options exercisable	7,553	\$ 8.61	3.8	\$10,608
Shares available for future grant	1,031			

For all plans, the total pretax intrinsic value of stock options exercised during the four months ended December 31, 2005 was \$4.0 million. The aggregate intrinsic value in the preceding tables represent the total pretax intrinsic value, based on the Company's closing stock price of \$9.42 as of December 31, 2005, which theoretically could have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable as of December 31, 2005 was 11.1 million.

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During the four months ended December 31, 2005, the Company received cash from the exercise of stock option totaling \$3.8 million and an excess tax benefit for the tax deductions related to stock options and restricted stock awards of \$0.1 million.

Restricted Stock Awards

Restricted stock awards are awards of common stock that are subject to restrictions on transfer and to a risk of forfeiture if the awardee leaves the Company employ until the restrictions lapse. The value of such stock was established by the market price on the date of the grants. Compensation expense is being recorded over the applicable restricted stock vesting periods, generally four years, using graded vesting. A summary of the Company's restricted stock activity as of December 31, 2005 and changes during the four months ended December 31, 2005 is presented in the following table:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term
Unvested, beginning of period	2,374	\$ 11.05	3.4
Granted	—		
Vested	(843)	\$ 11.09	
Forfeited	(5)	\$ 10.28	
Unvested, end of period	1,526	\$ 11.03	3.1

Valuation and Expense Information under SFAS 123(R)

The following table summarizes share-based compensation expense related to employee stock options, restricted stock awards and grants under the employee stock purchase plan under SFAS 123(R) for the four months ended December 31, 2005 that was allocated as follows (in thousands):

	Four Months Ended December 31, 2005
Cost of good sold	\$ 882
Engineering, research and development	95
Selling, general and administrative	10,076
Share-based compensation expense included in operating expenses	10,171
Share-based compensation expense related to employee stock options, restricted stock awards and grants under the employee stock purchase plan	11,053
Tax benefit	4,156
Share-based compensation expense related to employee stock options and employee stock purchases, net of tax	\$ 6,897

Share-based compensation expense recognized for the four months ended December 31, 2004 was \$0.6 million.

As of December 31, 2005 total compensation cost related to nonvested stock options and restricted stock awards not yet recognized was \$14.6 million that is expected to be recognized over the next 10.5 months on a weighted-average basis.

No grants were made to employees during the four months ended December 31, 2005. Prior to the adoption of SFAS 123(R), the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial information in accordance with SFAS 123.

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

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

	Four Months Ended December 31, 2004
Net income, as reported	\$ 6,570
Add share-based compensation expense included in reported net earnings, net of tax	398
Deduct share-based compensation expense under the fair value based method for all awards, net of tax	(5,735)
Pro forma net earnings	\$ 1,233
Basic earnings per common share, as reported	\$ 0.09
Pro forma basic earnings per common share	\$ 0.02
Diluted earnings per common share, as reported	\$ 0.09
Pro forma diluted earnings per common share	\$ 0.02

For employee stock options granted during the four months ended December 31, 2004, the Company determined pro forma compensation expense under the provisions of SFAS No. 123 using the Black-Scholes pricing model and the following assumptions: 1) an expected dividend yield of 0%, 2) an expected stock price volatility of 75%, 3) a risk-free interest rate of 3.5% and 4) an expected life of 6 years. The weighted average fair value of options granted during the first four months of fiscal 2005 was \$5.68.

4. (LOSS) EARNINGS PER COMMON SHARE

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

	Four Months Ended	
	December 31, 2005	December 31, 2004
Basic (loss) earnings per common share-weighted common shares outstanding	135,437,000	73,198,000
Weighted common shares assumed upon exercise of stock options and vesting of restricted common stock	—	1,922,000
Diluted (loss) earnings per common share-weighted common shares and common shares equivalent outstanding	135,437,000	75,120,000

The effect of the inclusion of stock options and unvested restricted common stock for the four-month period ended December 31, 2005 would have been anti-dilutive.

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5. INVENTORIES

Inventories consist of the following (in thousands):

	December 31, 2005	August 27, 2005
Raw materials	\$ 27,998	\$ 26,884
Work-in process	3,926	3,882
Finished goods	37,051	59,426
Supplies	560	652
Total inventories	\$ 69,535	\$ 90,844

6. COMPREHENSIVE (LOSS) INCOME

For the four months ended December 31, 2005 and December 31, 2004 net (loss) income, items of other comprehensive (loss) income and comprehensive (loss) income are as follows (in thousands):

	Four Months Ended	
	December 31, 2005	December 31, 2004
Net (loss) income	\$ (18,324)	\$ 6,570
Items of other comprehensive (gain) income:		
Foreign currency translation	(7,225)	2,319
Net change in unrealized loss on marketable securities, net of tax	(42)	—
Comprehensive (loss) income	\$ (25,591)	\$ 8,889

7. INTANGIBLE ASSETS AND GOODWILL

As of December 31, 2005, goodwill amounted to approximately \$404.3 million, about \$3.4 million higher than the balance at the end of fiscal 2005. The increase mainly reflected an increase to goodwill in connection with purchase price adjustments related to the Mykrolis acquisition completed in August 2005. The Mykrolis purchase price has been preliminarily allocated based on estimates of the fair values of assets acquired and liabilities assumed. The final valuation of net assets is expected to be completed as soon as possible, but no later than one year from the acquisition date. Given the size and complexity of the acquisition, the fair valuation of certain net assets is still being determined and finalized.

The changes to the carrying amount of goodwill for the four months ended December 31, 2005 are as follows:

<i>(In thousands)</i>	Four Months Ended December 31, 2005
Beginning of period	\$ 400,882
Adjustment to Mykrolis purchase price allocation	3,485
Foreign currency remeasurement adjustment	(67)
End of period	\$ 404,300

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Other intangible assets, net of amortization, of approximately \$89.2 million as of December 31, 2005, are being amortized over useful lives ranging from 2 to 10 years and are as follows (in thousands):

<i>(In thousands)</i>	As of December 31, 2005		
	Gross carrying amount	Accumulated amortization	Net carrying value
Patents	\$ 17,969	\$ 9,321	\$ 8,648
Unpatented technology	9,844	4,477	5,367
Developed technology	38,500	3,409	35,091
Trademarks and trade names	9,000	911	8,089
Customer relationships	28,000	1,220	26,780
Employment and noncompete agreements	5,818	4,214	1,604
Other	6,667	3,002	3,665
	<u>\$ 115,798</u>	<u>\$ 26,554</u>	<u>\$ 89,244</u>

Aggregate amortization expense for the first four months ended December 31, 2005 amounted to \$6.2 million. Estimated amortization expense for calendar years 2006 to 2010 and thereafter is approximately \$18.4 million, \$18.0 million, \$16.2 million, \$13.9 million, \$8.5 million and \$14.2 million, respectively.

8. WARRANTY

The Company accrues for warranty costs based on historical trends and the expected material and labor costs to provide warranty services. The majority of products sold are covered by a warranty for periods ranging from 90 days to one year. The following table summarizes the activity related to the product warranty liability during the four-month periods ended December 31, 2005 and December 31, 2004 (in thousands):

	Four Months Ended	
	December 31, 2005	December 31, 2004
Balance at beginning of period	\$ 2,801	\$ 2,034
Accrual for warranties issued during the period	981	373
Settlements during the period	(1,213)	(338)
Balance at end of period	<u>\$ 2,569</u>	<u>\$ 2,069</u>

9. JAPAN RETIREMENT BENEFIT PLAN

Certain former Mykrolis employees of the Company's subsidiary in Japan ("Nihon Entegris") are covered in a defined benefit pension plan. The table below sets forth the estimated net periodic cost of that pension plan (in thousands):

	Four Months Ended December 31, 2005
Components of net periodic pension cost:	
Service cost	\$ 271
Interest cost	68
Expected return on plan assets	(7)
Amortization of unrecognized gain	—
Recognized actuarial loss	21
Net periodic pension cost	<u>\$ 353</u>

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10. RESTRUCTURING COSTS

On November 29, 2005, the Company announced that during 2006 it would close its manufacturing plant located in Bad Rappenau, Germany and relocate the production of products made in that facility to other existing manufacturing plants located in the United States and Asia. In connection with this closure, the Company recorded accruals for expected out-of-pocket expenditures for employee severance and retention costs of \$0.6 million, and asset impairment and accelerated depreciation charges of \$1.8 million.

In addition, on October 27, 2005 the Company determined it would close one of its manufacturing plants located in Yonezawa, Japan and relocate the production of products made in that facility to its other existing manufacturing plants in Yonezawa. In connection with this closure, the Company recorded asset impairment and accelerated depreciation charges of \$1.0 million.

11. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FAS 115-1 and FSP FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, which amends FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*. FSP FAS 115-1 and FSP FAS 124-1 provide guidance for determining whether impairments of certain debt and equity investments are deemed other-than-temporary. The provisions of FSP FAS 115-1 and FSP FAS 124-1 are effective for reporting periods beginning after December 15, 2005. No material impact on the Company's financial statements is expected from the adoption of this standard.

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 clarifies that a conditional asset retirement obligation, as used in SFAS No. 143, *Accounting for Asset Retirement Obligations*, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of the settlement are conditional on a future event that may or may not be within the control of the entity. The Interpretation was effective for the Company no later than the end of four-month period ended December 31, 2005. The adoption of FIN 47 did not have a material impact on the Company's consolidated financial statements.

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

Overview

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

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

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

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

Certain of these products are unit driven and consumable products that rely on the level of semiconductor manufacturing activity to drive growth while others are capital driven relying in part on expansion of manufacturing capacity to drive growth.

Prior to December 13, 2005, the Company's fiscal year was a 52- or 53-week period ending on the last Saturday of August. The previous fiscal year ended on August 27, 2005 and also comprised 52 weeks. Fiscal years are identified in this report according to the calendar year in which they end. For example, the fiscal year ending August 27, 2005 is referred to as "fiscal 2005". On December 13, 2005 the registrant's Board of Directors approved the change of the registrant's fiscal year to the calendar year, ending on December 31st of each year. Accordingly, the registrant has included information for the transition period from August 28, 2005 to December 31, 2005 in this Form 10-Q pursuant to Rule 13a-10 of the Securities Exchange Act of 1934, as amended.

Forward-Looking Statements

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

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

- **The level of sales** Since a large portion of the Company's product costs (excepting raw materials, purchased components and direct labor) are largely fixed in the short/medium term, an increase or decrease in sales affects gross profits and overall profitability significantly. Also, increases or decreases in sales and operating profitability affects certain costs such as short-term variable compensation which is highly variable in nature.

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

Overall Summary of Financial Results for the Four Months Ended December 31, 2005 On December 13, 2005, the registrant's Board of Directors approved the change of the registrant's fiscal year to the calendar year, ending on December 31st of each year. Accordingly, the registrant is filing a transition report on Form 10-Q for the four months ended December 31, 2005, covering the period from August 27, 2005 through December 31, 2005.

For the four months ended December 31, 2005, net sales increased 72% from the comparable period last year, principally driven by the inclusion of sales from Mykrolis. Sales were adversely affected by approximately \$3.5 million due to the weakening of international currencies versus the U.S. dollar over the period, most notably in Japan.

Although sales increased year over year, the company reported lower gross margins due to certain restructuring costs totaling \$4.8 million related to consolidation of some of its manufacturing facilities and the \$17.8 million charge-off of the fair market value write-up of inventory acquired as part of the merger with Mykrolis. The company also had significantly higher selling, general and administrative (SG&A) costs, by \$45.9 million, as a result of the Mykrolis merger compared to the year ago quarter. These costs included the costs of integration activities, severance and termination costs that were expensed during the period. The increase in SG&A costs reflects the addition of SG&A expenses of \$31.0 million associated with Mykrolis' infrastructure, increased amortization of intangibles of \$4.7 million and costs of \$11.3 million incurred by the Company in connection with the integration activities associated with the merger. As a result, the Company reported a loss from continuing operations of \$10.3 million for the four-month period compared to income from continuing operations of \$7.6 million in the year ago four-month period.

During the four months ended December 31, 2005, the Company generated cash flows of \$23.5 million from operations. Cash, cash equivalents and short-term investments were approximately \$274 million at December 31, 2005, compared with \$279 million at the end of the fourth quarter of fiscal 2005.

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

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets,

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liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. At each balance sheet date, management evaluates its estimates, including, but not limited to, those related to accounts receivable, warranty and sales return obligations, inventories, long-lived assets, and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The critical accounting policies affected most significantly by estimates, assumptions and judgments used in the preparation of the Company's consolidated financial statements are discussed below.

Net Sales

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

Accounts Receivable-Related Valuation Accounts.

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

The Company provides an allowance for doubtful accounts for all individual receivables judged to be unlikely for collection. For all other accounts receivable, the Company records an allowance for doubtful accounts based on a combination of factors. Specifically, management considers the age of receivable balances and historical bad debts write-off experience when determining its allowance for doubtful accounts. The Company's allowance for doubtful accounts was \$1.4 million and \$2.2 million at December 31, 2005 and August 27, 2005, respectively.

An allowance for sales returns and allowances is established based on historical trends and current trends in product returns. At December 31, 2005 and August 27, 2005, the Company's reserve for sales returns and allowances was \$1.3 million and \$1.4 million, respectively.

Inventory Valuation The Company uses certain estimates and judgments to properly value inventory. In general, the Company's inventories are recorded at the lower of manufacturing cost or market value. Each quarter, the Company evaluates its ending inventories for obsolescence and excess quantities. This evaluation includes analyses of inventory levels, historical write-off trends, expected product lives, sales levels by product and projections of future sales demand. Inventories that are considered obsolete are written off or a full valuation allowance is recorded. In addition, valuation allowances are established for inventory quantities in excess of forecasted demand. Inventory valuation allowances were \$8.1 million and \$8.0 million at December 31, 2005 and August 27, 2005, respectively.

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

Impairment of Long-Lived Assets The Company routinely considers whether indicators of impairment of its property and equipment assets, particularly its molding equipment, are present. If such indicators are present, it is determined whether the sum of the estimated undiscounted cash flows attributable to the assets in question is less than their carrying value. If less, an impairment loss is recognized based on the excess of the carrying amount of the assets over their respective fair values. Fair value is determined by discounting estimated future cash flows, appraisals or other methods deemed appropriate. If the assets determined to be impaired are to be

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held and used, the Company recognizes an impairment charge to the extent the present value of anticipated net cash flows attributable to the assets are less than the assets' carrying value. The fair value of the assets then becomes the assets' new carrying value, which we depreciate over the remaining estimated useful life of the assets.

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

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

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

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

The Company has significant amounts of deferred tax assets. Management reviews its deferred tax assets for recoverability on a quarterly basis and assesses the need for valuation allowances. These deferred tax assets are evaluated by considering historical levels of income, estimates of future taxable income streams and the impact of tax planning strategies. A valuation allowance is recorded to reduce deferred tax assets when it is determined that it is more likely than not that the Company would not be able to realize all or part of its deferred tax assets. The Company carried a \$2.2 million valuation allowance against its deferred tax assets at December 31, 2005 in connection with a portion of a capital loss carryforward that more likely than not will not be realized. No valuation allowance was established against its deferred tax assets at August 27, 2005.

Warranty Claims Accrual

The Company records a liability for estimated warranty claims. The amount of the accrual is based on historical claims data by product group and other factors. Claims could be materially different from actual results for a variety of reasons, including a change in product failure rates and service delivery costs incurred in correcting a product failure, manufacturing changes that could impact product quality, or as yet unrecognized defects in products sold. At December 31, 2005 and August 27, 2005, the Company's accrual for estimated future warranty costs was \$2.6 million and \$2.8 million, respectively.

Business Acquisitions

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

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

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

Share-based Compensation Expense

Effective August 28, 2005, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, (SFAS 123(R)) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (ESPP) based on estimated fair values. Share-based compensation expense recognized under SFAS 123(R) for the four months ended December 31, 2005 was \$11.1 million which consisted of share-based compensation expense related to employee stock options, restricted stock awards and grants under the employee stock purchase plan, as well as share-based compensation expense related to the Mykrolis acquisition. Share-based compensation expense of \$0.6 million for the four months ended December 31, 2004 was related to restricted stock awards granted to employees that the Company recognized under previous accounting standards. There was no share-based compensation expense related to employee stock options and grants under the employee stock purchase plan recognized during the four months ended December 31, 2004.

Under SFAS 123(R), the Company must estimate the value of employee stock options on the date of grant. There were no grants awarded during the four months ended December 31, 2005. Prior to the adoption of SFAS 123(R), the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial information in accordance with SFAS 123. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the expected stock price volatility over the term of the awards, risk-free interest rate and dividend yield assumptions, and actual and projected employee stock option exercise behaviors and forfeitures.

As share-based compensation expense recognized in the Consolidated Statement of Operations for the four months ended December 31, 2005 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

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

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

	Four Months Ended	
	December 31, 2005	December 31, 2004
Net sales	100.0%	100.0%
Cost of sales	65.4	58.7
Gross profit	34.6	41.3
Selling, general and administrative expenses	38.5	27.1
Engineering, research and development expenses	6.9	5.3
Operating (loss) income	(10.7)	8.8
Interest income, net	(1.2)	(0.4)
Other (income) expense, net	—	0.2
(Loss) income before income taxes and other items below	(9.6)	9.0
Income tax (benefit) expense	(4.5)	2.5
Equity in net (earnings) loss of affiliates	—	—
(Loss) income from continuing operations	(5.1)	6.5

Net sales Net sales were \$202.3 million for the four months ended December 31, 2005, up 72% compared to \$117.6 million in the four months ended December 31, 2004. Sales from Mykrolis operations totaled \$89.6 million, accounting for slightly more than the overall year-over-year increase. Sales were adversely affected by approximately \$3.5 million due to the weakening of international currencies versus the U.S. dollar, most notably in Japan. On a geographic basis, total sales to North America were 33%, Asia Pacific 32%, Europe 13% and Japan 22%.

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

These trends were reflected across unit-driven products. Sales of liquid filtration and purification products, which represent almost half of unit-driven sales, increased from the last quarter of fiscal 2005. Strength in Japan and North America was offset by relative weakness in Europe, whose order trends typically trail those in other geographies. Even with customer utilization rates at high levels, the near-term trends are positive due to additional customer fab capacity coming on line in the first part of 2006.

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

Among capital-driven products, sales of 300mm wafer carriers declined relative to the last quarter of fiscal 2005. Sales of these products are primarily driven by the timing of new fab construction, and as such, demand can be variable from period to period. Sales of liquid systems products were about even with the rates recorded in the last quarter of fiscal 2005.

Gross profit Gross profit in the four months ended December 31, 2005 increased by \$21.4 million to \$70.0 million, an increase of 44% from the \$48.6 million reported in the four months ended December 31, 2004. The gross margin percentage for the fiscal 2006 first quarter was 34.6 % versus 41.3% in the comparable period a year ago.

The gross margin percentage figure for the period was significantly below the year-ago figure for a number of reasons. The main factor was the \$17.8 million incremental cost of sales charge associated with the fair market value write-up of inventory acquired in the merger with Mykrolis. The inventory write-up was recorded as part of the purchase price allocation and was charged to cost of sales over inventory turns of the acquired inventory

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and was fully expensed by the end of the November. Costs of \$4.8 million associated with the consolidation of manufacturing facilities in the U.S., Germany and Japan also reduced gross profit. Although price increases for resins recently began to moderate, on a year-over-year basis the Company's gross margin was lower due to higher material costs for certain products.

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

Selling, general and administrative expenses. Selling, general and administrative (SG&A) expenses increased \$45.9 million, or 144%, to \$77.8 million in the four months ended December 31, 2005, up from \$31.9 million in the comparable four-month period a year earlier. Due to the magnitude of the increase, SG&A expenses, as a percent of net sales, rose to 38.5% from 27.1% a year earlier.

The increase in SG&A costs reflects the addition of SG&A expenses of \$31.0 million associated with Mykrolis' infrastructure and increased amortization of intangibles of \$4.7 million as well as costs of \$11.3 million incurred by the Company in connection with the integration activities associated with the Mykrolis merger. The costs included in this category generally relate to expenses incurred to integrate Mykrolis' operations and systems into the Company's pre-existing operations and systems. These costs include, but are not limited to, the integration of information systems, employee benefits and compensation, accounting/finance, tax, treasury, risk management, compliance, administrative services, sales and marketing and other functions and includes severance and retention costs. The year-over-year increase also includes incremental share-based compensation expense of \$9.6 million.

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

Engineering, research and development expenses Engineering, research and development (ER&D) expenses were \$13.9 million in the four months ended December 31, 2005, up 122% from \$6.3 million in the year-ago period. ER&D expenses, as a percent of net sales, increased to 6.9% from 5.3%, reflecting the inclusion of Mykrolis ER&D expenses. The Company continued to focus on the support of current product lines, and the development of new products and manufacturing technologies.

Interest income, net Net interest income of \$2.4 million in the four months ended December 31, 2005 compared to \$0.5 million in the year-ago period. The increase reflects the higher rates of interest available on the Company's investments in short-term debt securities as well as the higher average net invested balance compared to the year-ago period, associated in part with the investment funds acquired in the Mykrolis merger.

Income tax expense The Company recorded an income tax benefit of \$9.0 million in the four months ended December 31, 2005 compared to income tax expense of \$3.0 million in the four months ended December 31, 2004. The effective tax rate was (46.6)% in the 2005 period, compared to 28.2% in the 2004 period.

During in the four months ended December 31, 2005, the Company recorded a tax benefit \$1.1 million, plus interest, related to the refund of certain Minnesota corporate income taxes previously paid for fiscal years 2000 and 2001 based upon recent court rulings. In both periods, the Company's tax rate benefited from a tax benefit associated with export activities and a tax credit associated with R&D activities. Income tax expense in the four months ended December 31, 2004 included a \$500,000 tax benefit that was recorded in connection with the resolution of a U.S. Federal income tax refund claim made by the Company.

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Discontinued operations The Company's businesses classified as discontinued operations recorded a net loss of \$8.0 million, net of tax, in the four months ended December 31, 2005. The results included impairment charges of \$6.7 million, net of tax, associated with write-downs of long-lived assets to fair value less cost to sell.

Net (loss) income The Company recorded a net loss of \$18.3 million, or \$0.14 per diluted share, in the four-month period ended December 31, 2005 compared to net income of \$6.6 million, or \$0.09 per diluted share, in the four-month period ended December 31, 2004. The loss from continuing operations for the four-month period was \$10.3 million, or \$0.09 per share, compared to net income of \$7.6 million, or \$0.09 per share, in the year ago period.

Liquidity and Capital Resources

Operating activities Cash flow provided by operating activities totaled \$23.5 million in the four months ended December 31, 2005. The Company's net loss from continuing operations of \$10.3 million was offset by various noncash charges, including depreciation and amortization of \$14.0 million, the incremental cost of sales charge of \$17.8 million associated with the write-up of inventory and share-based compensation expense of \$11.1 million. In turn, operating cash flow was reduced by the impact of reductions in accrued liabilities and income taxes payable.

Working capital at December 31, 2005 stood at \$394.4 million, down from \$417.9 million as of August 27, 2005, and included \$274.4 million in cash, cash equivalents and short-term investments.

Accounts receivable, net of foreign currency translation adjustments, fell by \$7.6 million, reflecting the relative flatness of sales on a sequential basis and improved collections, particularly in the latter part of the period. The Company's days sales outstanding stood at 69 days compared to 67 days at the beginning of the period.

Inventories fell by \$1.9 million from the fourth quarter of fiscal 2005 after accounting for foreign currency translation adjustments and the incremental cost of sales charge of \$17.8 million associated with the write-up of inventory. A decline in finished goods inventories accounted for the reduction.

Accounts payable and accrued liabilities decreased by \$3.8 million from the end of fiscal 2005 mainly due to the payment of fiscal 2005 accrued incentive compensation and costs associated with the merger transaction with Mykrolis.

Investing activities Cash flow used in investing activities totaled \$13.6 million in the four-month period ended December 31, 2005. Acquisition of property and equipment totaled \$10.7 million, primarily for additions of manufacturing, computer and laboratory equipment. The Company expects future capital expenditures of \$40 million through calendar 2006, consisting mainly of spending on facilities expansions, manufacturing equipment, tooling and information systems.

The company had purchases of short-term investments, net of maturities, of \$2.7 million during the period. Short-term investments stood at \$107.5 million at December 31, 2005.

Financing activities Cash used by financing activities totaled \$15.5 million during the four-month period ended December 31, 2005. The Company made payments of \$22.9 million on borrowings, while proceeds from new borrowings totaled \$3.5 million during the quarter. In December 2005, the Company paid off its outstanding long-term debt in Japan. In connection therewith, the Company incurred and paid an early payment penalty of \$0.4 million.

The Company received proceeds of \$3.8 million in connection with common shares issued under the Company's stock option plans.

As of December 31, 2005, the Company's sources of available funds comprised \$166.9 million in cash and cash equivalents, \$107.5 million in short-term investments, as well as funds available under various credit facilities. Entegris has an unsecured revolving credit agreement with one domestic commercial bank with aggregate borrowing capacity of \$10 million, with no borrowings outstanding at December 31, 2005 and lines of credit

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with five international banks that provide for borrowings of currencies for the Company's overseas subsidiaries, equivalent to an aggregate of approximately \$15.4 million. Borrowings outstanding on these lines of credit were approximately \$2.3 million at December 31, 2005.

At December 31, 2005, the Company held restricted cash totaling \$1.2 million. These funds are collateral related to a security deposit under a lease for one of the Company's administrative, research and development and manufacturing facilities as well as other security deposits and were invested in certificates of deposit and money market funds at December 31, 2005.

The Company's unsecured revolving credit agreement, which expires in May 2008, allows for aggregate borrowings of up to \$10 million with interest at Eurodollar rates plus 0.875%. Under the unsecured revolving credit agreement, the Company is subject to, and is in compliance with, certain financial covenants requiring a leverage ratio of not more than 2.25 to 1.00. In addition, the Company must maintain a calculated consolidated tangible net worth, which, as of December 31, 2005, was \$462 million, while also maintaining consolidated aggregate amounts of cash and cash equivalents (which under the agreement may also include auction rate securities classified as short-term investments) of not less than \$75 million.

At December 31, 2005, the Company's shareholders' equity stood at \$1,012.8 million, down from \$1,023.4 million at the beginning of the period. This decrease was due to the Company's net loss and foreign currency translation adjustments, which were partly offset by the proceeds associated with shares issued under the Company's stock option and stock purchase plans.

The Company expects to incur total expenses of approximately \$30 million in connection with the integration activities resulting from its merger with Mykrolis, of which approximately \$22 million was recorded through December 31, 2005. Entegris expects that integration process following the merger will ultimately provide annualized cost savings of approximately \$20 million. The Company expects these cost synergies to be fully in place by the middle of calendar year 2006.

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

Cautionary Statements This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should" and similar expressions are intended to identify these "forward-looking statements. All forecasts and projections in this document are "forward-looking statements," and are based on management's current expectations of the Company's near-term results, based on current information available pertaining to the Company, including: (i) risks associated with the challenges of integration, restructuring, manufacturing transfers, and achieving anticipated synergies associated with the merger of the Company with Mykrolis; (ii) inability to meet rapidly increasing customer demand associated with an increase semiconductor industry spending; (iv) the transition to new products, the uncertainty of customer acceptance of new product offerings, and rapid technological and market change; (v) insufficient, excess or obsolete inventory; (vi) competitive factors, including but not limited to pricing pressures; and (vii) the risks described in the Company's Annual Report on Form 10-K for the fiscal year ended August 27, 2005 under the headings "Risks Relating to our Business and Industry", "Risks Associated with our Merger", "Manufacturing Risks", "International Risks", and "Risks Related to the Securities Markets and Ownership of our Securities" as well as in The Company's quarterly reports on Form 10-Q and current reports on Form 8-K as filed with the Securities and Exchange Commission: .

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Item 3: Quantitative and Qualitative Disclosures About Market Risk

Entegris' principal financial market risks are sensitivities to interest rates and foreign currency exchange rates. The Company's interest-bearing cash equivalents and short-term investments, and long-term debt and short-term borrowings are subject to interest rate fluctuations. Most of its long-term debt at December 31, 2005 carries fixed rates of interest. The Company's cash equivalents and short-term investments are debt instruments with maturities of 24 months or less. A 100 basis point change in interest rates would potentially increase or decrease annual net income by approximately \$1.7 million annually.

The cash flows and earnings of the Company's foreign-based operations are subject to fluctuations in foreign exchange rates. The Company occasionally uses derivative financial instruments to manage the foreign currency exchange rate risks associated with its foreign-based operations. At December 31, 2005, the Company was party to forward contracts to deliver Japanese yen, Taiwanese dollars, Singapore dollars and Euros with notional values of approximately \$1.8 million, \$2.3 million, \$3.9 million and \$4.1 million, respectively.

Item 4: Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that are filed or furnished under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities & Exchange Commission (SEC). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of management, including the chief executive officer and chief financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of December 31, 2005. Based on its evaluation and with the exception of the material weakness in internal control over financial reporting referenced below, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of December 31, 2005.

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

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

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

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Although the Company's remediation efforts are considered complete as of December 31, 2005, the Company's material weakness will not be considered remediated until the new internal controls have been operational for a period of time, are tested, and management and the Company's registered independent public accounting firm conclude that these controls are operating effectively.

Other than the changes associated with material weakness remediation efforts, there have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation described. As of the date of filing this report, the company is in the midst of integrating the former Mykrolis operations onto the Company's SAP ERP platform which management believes should strengthen the Company's internal control structure.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

The following discussion provides new and updated information regarding certain proceedings to which the Company was a party during the fiscal period ended December 31, 2005. Other information with respect to legal proceedings appears in the Company's Report on Form 10-K for the fiscal year ended August 27, 2005.

As described in the Company's Report on Form 10-K for the fiscal year ended August 27, 2005, on March 3, 2003 the Company's predecessor, Mykrolis Corporation, filed a lawsuit against Pall Corporation in the United States District Court for the District of Massachusetts alleging infringement of two of the Company's U.S. patents by a fluid separation device known as the Pall Photo Kleen EZD-2 filter assembly manufactured and sold by the defendant. The Company's lawsuit also sought a preliminary injunction preventing the defendant from the manufacture, use, sale, offer for sale or importation into the U.S. of the infringing product.

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

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

Item 6. Exhibits

- 10.1 Amended and Restated Membrane Manufacture and Supply Agreement, dated November 30, 2005
- 10.2 Employment Offer Agreement with John J. Murphy
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Date: February 9, 2006

ENTEGRIS, INC.

/s/ John D. Villas

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

**AMENDED AND RESTATED
MEMBRANE MANUFACTURE AND SUPPLY AGREEMENT**

This Amended and Restated Membrane Manufacture and Supply Agreement (this "Agreement") is entered into effective as of November 30, 2005 (the "Effective Date"), between Millipore Corporation ("Millipore"), a Massachusetts corporation with its principal place of business at 290 Concord Road, Billerica, MA 01821, and Entegris, Inc. ("Entegris"), a Delaware corporation with its principal place of business at 3500 Lyman Boulevard, Chaska, MN 55318.

RECITALS

1. Millipore and Mykrolis Corporation ("Mykrolis") entered into a Master Separation and Distribution Agreement, dated as of March 28, 2001 (the "Master Agreement"), under which, among other things, the business of Millipore's Microelectronics Division was transferred to Mykrolis at the Separation Date and Mykrolis was thereafter spun-off to become an independent company effective February 27, 2002.

2. Pursuant to the Master Agreement, Millipore and Mykrolis entered into a Membrane Manufacture and Supply Agreement dated as of the Separation Date (the "Old Agreement") which among other things provided for the manufacture and supply of certain membranes that are used by and incorporated into products of both Millipore and Mykrolis, so as to appropriately ensure both Millipore and Mykrolis a continuing supply of such membranes; by its terms the Old Agreement is to continue in effect until March 31, 2006.

3. Millipore and Entegris (which is the surviving corporation of the merger of Mykrolis and Entegris, Inc., a Minnesota corporation, which was completed as of August 6, 2005) wish to amend and restate certain provisions of the Old Agreement (which was assigned, by operation of the merger, to Entegris) and to cancel and replace the Old Agreement as of the Effective Date with this Agreement which is intended to operate as a stand alone agreement independent of the Master Agreement.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below, the parties hereto agree as follows:

1. DEFINITIONS

The following terms shall have the meanings assigned to them below whenever they are used in this Agreement including the Exhibits and Annexes hereto. Terms defined elsewhere in this Agreement shall have the meaning ascribed thereto at the location of their definition. Except where the context otherwise requires, words imparting the singular shall include the plural and vice versa, words denoting any gender shall include all genders and words denoting persons shall include bodies corporate and vice versa.

“**Affiliated Company**” of one of the parties shall mean any entity that controls, is controlled by, or is under common control with such party. As used herein, “control” means the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

“**Confidential Information**” shall have the meaning set forth in Section 13.1 hereof.

“**Entegris Core Business**” shall mean: (i) the **IC MANUFACTURING INDUSTRY** including companies that manufacture integrated circuits, semiconductors, semiconductor chips and other microelectronics components, flat panel displays, solar cells and fiber optic cables, optical coatings, coated optical lenses and coated optical fibers; (ii) the **IC OEM EQUIP & MATERIALS MFG. INDUSTRY** including companies that manufacture equipment for the fabrication and processing of semiconductors and integrated circuits for sale to companies in the IC Manufacturing Industry as well as companies that integrate a number of components into subsystems sold to OEM equipment manufacturers for incorporation into semiconductor fabrication equipment, as well as companies that manufacture, process and supply liquids, gases, conductive materials and other advanced materials to the IC Manufacturing Industry and which provide products and systems to purify, monitor and control atmospheric conditions in clean room manufacturing environments of the IC Manufacturing Industry; and (iii) the **IC RESEARCH LABORATORY INDUSTRY** including university, governmental and commercial laboratories and research operations that research and/or develop innovations in the structure and composition of integrated circuits, the processes and materials used to manufacture integrated circuits and new forms of integrated circuits.

“**Entegris Equipment**” shall have the meaning set forth in Section 3.1.2 hereof.

“**Entegris Permitted Persons**” shall have the meaning set forth in Exhibit B.

“**Equipment**” shall mean the Entegris Equipment and the Millipore Equipment collectively.

“**Flat Sheet UPE Membranes**” shall mean rollstock UPE Membranes typically less than 300 microns in sheet thickness including both phobic and philic Membranes as produced at the Premises pursuant to the Old Agreement immediately prior to the Effective Date, or as modified as provided in this Agreement.

“**Information**” shall mean business information, technical information and data, know-how, research information and data, formulae and other information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts,

data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“**Lease**” shall mean the lease of the Premises as set forth in Section 2 hereof and in the Lease terms set forth in Exhibit B hereto.

“**Machines**” shall have the meaning set forth in Section 7.1 hereof.

“**Machine Hourly Rates**” shall have them meaning set forth in Section 7.1. hereof.

“**Membranes**” shall mean UPE Membranes and Other Membranes as well as any other membranes or materials that the parties may hereafter agree to add to this definition of Membranes.

“**Millipore Core Business**” shall mean: (i) the **BIOPHARM INDUSTRY** including pharmaceutical/biotechnology and genetic engineering companies as well as manufacturers of cosmetics, medical devices, diagnostic products and clinical analytical products; (ii) the **LAB & LIFE SCIENCE RESEARCH INDUSTRY** including government, university and private research and testing analytical laboratories for proteomic, genomic, microbiological and similar research and analysis as well as for environmental research and analysis; and (iii) the **FOOD & BEVERAGE INDUSTRY** including companies that manufacture or process foods and beverages including dairy products, beer, wine, juice and soft drink manufacturers and bottled water companies.

“**Millipore Equipment**” shall have the meaning set forth in Section 3.1.3 hereof.

“**Other Flat Sheet UPE Membranes**” shall mean Flat Sheet UPE Membranes other than Treated Flat Sheet UPE Membranes. Other Flat Sheet UPE Membranes include, as of the Effective Date, those Membranes listed under the heading “Other Flat Sheet UPE Membranes” in Exhibit A hereto.

“**Other Membranes**” shall mean those membranes listed under the heading “Other Membranes” in Exhibit A hereto, each as produced pursuant to the Old Agreement immediately prior to the Effective Date, or as modified as provided in this Agreement.

“**Other Membrane Products**” shall mean devices or other products which include one or more Other Membranes as a material or component.

“**Other UPE Membranes**” shall mean all UPE Membranes other than Treated Flat Sheet UPE Membranes.

“**Other UPE Products**” shall mean devices or other products which include Other UPE Membranes as a material or component.

“**Premises**” shall have the meaning set forth in Exhibit B.

“**Releases**” shall mean any purchase orders or other documents of purchase that Millipore may place with Entegris for UPE Membranes, or that Entegris may place with Millipore for Other Membranes.

“**Rent**” shall have the meaning set forth in Exhibit B.

“**Separation Date**” shall mean March 31, 2001.

“**Subsidiary**” of one of the parties shall mean any entity that is controlled by such party. As used herein, “control” of an entity means the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

“**Supplement**” shall mean the schedule of supplemental terms and conditions specifying detailed provisions to implement the contractual commitments set forth in this Agreement relating to membrane manufacturing operations and membrane manufacturing process improvements which is attached to this Agreement as **Exhibit C**.

“**Supplied Party**” shall mean a party to this Agreement that orders certain Membranes pursuant to this Agreement and to whom such Membranes are sold.

“**Supplying Party**” shall mean a party to this Agreement that manufactures certain Membranes ordered by the other party pursuant to this Agreement and that sells such Membranes to the other party.

“**Term**” or “**Term of this Agreement**” shall mean the effective period of this Agreement as set forth in Section 6 hereof.

“**Treated Entegris Membranes**” shall mean Treated Flat Sheet UPE Membranes and Treated Other Entegris Membranes.

“**Treated Entegris Products**” shall mean devices or other products which include Treated Entegris Membranes as a material or component.

“**Treated Other Entegris Membranes**” shall mean those Entegris membranes that are chemically treated using Millipore’s VMF4 Line or using Millipore’s patented VMF4 technology, including, as of the Effective Date, those membranes listed under the heading “Treated Other Entegris Membranes” in Exhibit A hereto.

“**Treated Flat Sheet UPE Membranes**” shall mean Flat Sheet UPE Membranes that are chemically treated using Millipore’s VMF4 Line or using Millipore’s patented VMF4 technology, including, as of the Effective Date, those Membranes listed under the heading “Treated Flat Sheet UPE Membranes” in Exhibit A hereto.

“**UPE Membranes**” shall mean microporous membranes produced from an ultrahigh molecular weight polyethylene material by a melt cast process, as produced pursuant to the Old Agreement at the Premises immediately prior to the Effective Date, or as modified as provided in this Agreement.

“**UPE Products**” shall mean devices or other products which include UPE Membranes as a material or component.

2. LEASE OF THE PREMISES

In order to enable Entegris to manufacture UPE Membranes, including Treated Flat Sheet UPE Membranes and Other Flat Sheet UPE Membranes, and Treated Other Entegris Membranes in the same production areas at Millipore’s facility at 80 Ashby Road, Bedford MA. and/or such additional, reduced or substituted areas all as described in greater detail in Exhibit B hereto, and with the same processes as such UPE Membranes and Treated Other Entegris Membranes were manufactured prior to the Effective Date (both (i) for its own use and sale and for its sale of UPE Products and (ii) for supply of Flat Sheet UPE Membranes to Millipore as provided in this Agreement), Millipore and Entegris agree to the arrangements regarding Entegris’ use of the Premises as are set forth in Exhibit B hereto.

3. OWNERSHIP AND USE OF THE EQUIPMENT

3.1. Ownership. For purposes of clarification, the parties acknowledge and agree that:

3.1.1. All right, title and interest in and to the following equipment currently used in the manufacture of UPE Membranes and/or Treated Other Entegris Membranes, was with Mykrolis pursuant to the terms of the Old Agreement, and now exists with, and is solely owned by Entegris:

<u>Item#</u>	<u>Description</u>	<u>Current Location</u>	<u>Quantity</u>
1.	Slurry Mixing Vessels	Bldg C – Mix Room	2
2.	Extrusion Line & support equipment (cranes, vents etc.)	Bldg D – 101	1
3.	NZE Extractors & support equipment (scales, vents etc.)	Bldg C – 103	2

4.	Release/Testing Equipment (porosimeter, flow stands, VBP stands, digital dimension equipment)	Bldg D-101	1
5.	Monomer Chemical Mixing Vessel (for philic Flat Sheet UPE Membranes)	Bldg C-Mix Room	1
6.	MSR Batch Extractors & support equipment (cranes, LS-15, etc.)	Bldg D-101	3
7.	Release/Testing Equipment (flow stands, VBP stands, digital dimension equipment)	Bldg F-Cell 5	1
8.	CUPE Mix/recirculation Pumps	Bldg C-Mix Room	2
9.	NZE Chiller Loop (~ 100 Tons)	Bldg C-Roof	1

3.1.2. The following equipment currently used in the manufacture of UPE Membranes and/or Treated Other Entegris Membranes (collectively with the equipment listed in Subsection 3.1.1 above, the “Entegris Equipment”) was purchased by Mykrolis during the term of the Old Agreement and is solely owned by Entegris:

<u>Item#</u>	<u>Description</u>	<u>Current Location</u>	<u>Quantity</u>
1.	Oil Mist Collector (and duct/hood)	Bldg D-101	1
2.	7 Ton Edwards Chiller	Bldg D-outside	1
3.	Tiyoda-Serec Extractor	Bldg F-Cell 5	1
4.	Tiyoda-Serec Ext 42 Ton Chiller	Bldg C-roof	1

3.1.3. All right, title and interest in and to the following equipment currently used in the manufacture of UPE Membranes and/or Treated Other Entegris Membranes (collectively, the “Millipore Equipment”) is solely owned by Millipore:

<u>Item#</u>	<u>Description</u>	<u>Current Location</u>	<u>Quantity</u>
1.	Slurry Mix Stations; Control Modules 1-3	Bldg C -105	3
2.	Film 1 Annealing Line	Bldg. C-123	1
3.	VMF 4 Line (chemical modification)	Bldg. C-124	1
4.	Testing: Flow, Wet Time, Stability	Bldg.C-124	various
5.	Monomer Chemical Mixing Stations 4-6	Bldg. C-105	3

- 3.2. **Use of Millipore Equipment and Support.** At all times during the Term of this Agreement, Millipore shall provide Entegris with access to and use of the Millipore Equipment, each as necessary for use in the manufacture of UPE Membranes or Treated Other Entegris Membranes in accordance with Article I of the Supplement. Entegris shall pay Millipore Machine Hourly Rates as set forth in Section 7.1 below with respect to the use of the Millipore Equipment. At all times during the Term of this Agreement Millipore will provide a reasonable level of operational assistance and general technical support assistance in resolving technical problems in UPE Membrane manufacture in accordance with Article I of the Supplement Millipore shall be responsible for maintaining the Millipore Equipment in its current operational capability, and Entegris shall be responsible for maintaining the Entegris Equipment in its current operational capability and condition, in each case as specified in Article I of the Supplement, unless the parties agree in writing during the Term of this Agreement to alter such maintenance responsibilities. To the extent Millipore provides extraordinary services to Entegris, such services will be charged in accordance with the rate structure specified in Section 7.3 of the Agreement.
4. **MANUFACTURE OF MEMBRANES**
- 4.1. **Membrane Manufacturing Operations.** Millipore and Entegris agree that Membrane manufacturing operations during the Term of this Agreement shall be carried out in accordance with this Section 4 and with Article I of the Supplement.
- 4.2. **Guaranteed Capacity.** At all times during the Term of this Agreement:
- 4.2.1. Millipore agrees to have VMF4 Line capacity sufficient to handle projected phobic Membrane volumes hereunder of up to 280,000 feet (~800 hours) per quarter. If necessary and at Millipore's discretion, this capacity can be accomplished by either moving Millipore products (i.e. products other than the Membranes covered by this Agreement) to Millipore's MML hydrophilization equipment or by moving phobic Membranes covered by this Agreement to the MML hydrophilization equipment if mutually agreed upon with cost impact to be agreed upon in advance.
- 4.2.2. Millipore agrees to have Film 1 Annealing Line processing capacity sufficient to handle projected phobic Membrane volumes hereunder of up to 3,200,000 feet (~1400 hours) per quarter.
- 4.2.3. Entegris agrees to generally schedule operations in alignment with Millipore's plan for shutdown periods and holidays. However, it is acknowledged and agreed that there will be times of high demand where Entegris will be required to run the Entegris Equipment during these times. In such cases, Millipore and Entegris will mutually agree on a plan allowing for high utilization of the Entegris Equipment.

- 4.2.4. Subject to any new or changed restrictions imposed by the applicable air emission permit(s), Entegris agrees to have sufficient capacity, across all relevant process steps, to meet Millipore's projected demand for phobic UPE Membranes as follows:

Guaranteed Capacity Per Calendar Quarter	
Calendar Year	Feet
2006	250,000
2007	300,000
2008	325,000
2009	350,000
2010	350,000

If necessary but at Millipore's discretion this capacity can be accomplished by moving production in excess of current manufacturing capacity to new equipment acquired by Entegris to increase capacity. Millipore expressly acknowledges that the above stated capacities per quarter represent the capability of existing equipment located at the Premises as of the Effective Date. Millipore and Entegris agree to meet annually beginning on the anniversary date of this Agreement to discuss measures each party might take which would be designed potentially to increase the above stated production capacities.

4.3. Capacity Expansion.

- 4.3.1. Membrane manufacturing capacity will be reviewed in accordance with a mutually agreed upon schedule during the Term of this Agreement, but no less often than annually. Entegris shall be responsible to review and report on the capacity of the Entegris Equipment and Millipore shall be responsible to review and report on the capacity of the Millipore Equipment. The results of these reviews will be discussed and documented for reference and to provide a basis for capacity expansion, as may be appropriate and agreed by the parties.
- 4.3.2. The parties hereby acknowledge that Entegris has purchased and had installed, on or about August 2005, a third (3rd) NZE Extractor at the Premises for purposes of Membrane manufacture pursuant hereto. Such NZE Extractor is installed in the space within the Premises which had previously been used by Mykrolis under the Old Agreement to manufacture Hollow Fiber UPE Membranes, as such space was expanded, the increased square footage of which has been reflected in Attachment A. The parties further acknowledge that Entegris had and has sole responsibility for the purchase, installation and facilitation of such NZE Extractor and all funding therefor, and Entegris is the sole owner thereof.

- 4.4. **Manufacturing Process Improvements.** Millipore and Entegris agree to implement the Membrane manufacturing process improvements described in Article II of the Supplement in accordance with the provisions thereof.
- 4.5. **End of Term Arrangements for Millipore.** Following the expiration or earlier termination of the Term of this Agreement, Millipore desires the full capabilities to manufacture (or have manufactured) UPE Membranes for its and its Affiliated Companies' use and sale, and for its and its Affiliated Companies' use in manufacturing (or having manufactured) UPE Products for sale. Accordingly, to facilitate Millipore's manufacture of UPE Membranes following the Term of this Agreement:
- 4.5.1 (i) Entegris agrees in the event that Entegris during the Term of this Agreement acquires and has installed at the Premises new equipment in replacement of the existing Extrusion Line, or otherwise determines during the Term of this Agreement, in its sole discretion, that the Extrusion Line and/or one NZE Extractor are surplus and are to be disposed of, then Entegris agrees to grant Millipore an option to purchase, prior to or at the termination of this Agreement, at their then current book values and at such other reasonable terms as the parties may agree, such surplus Extrusion Line and/or NZE Extractor. Upon consummation of any such sale transaction, Entegris agrees to leave in their then current locations at the Premises, the subject Extrusion Line and/or NZE Extractor, as the case may be. Entegris agrees to notify Millipore as to whether it is granting Millipore such an option, at least eighteen (18) months prior to the termination of this Agreement; and
- 4.5.2 In the event that the parties consummate a sale of any equipment deemed to be surplus by Entegris as specified above, Entegris agrees to provide Millipore with the know-how (including copies of all pertinent documentation) and a reasonable amount of transition assistance relating to the design, specifications, functionality, operation and maintenance of such equipment, or otherwise necessary or useful for Millipore to be able to continue the UPE Membrane manufacturing process immediately upon the termination of this Agreement, so as to be able to make or have made UPE Membrane in the same process and of the same quality as made and supplied under this Agreement. All Entegris transition assistance time shall be charged to Millipore at the rates per person-hour calculated in accordance with Section 7.3 below.

4.6. End of Term Arrangements for Entegris.

To facilitate Entegris' manufacture of UPE Membranes and Treated Entegris Membranes at a different location following the expiration or earlier termination of this Agreement:

4.6.1. Entegris shall remove and transport, at its own expense, the Entegris Equipment (subject to the consummation of any sale pursuant to any option to purchase certain items of such Entegris Equipment as specifically set forth in Subsection 4.5.1 above) from the Premises to a location of its choice within one-hundred eighty (180) days following such expiration or early termination. Entegris shall use its best efforts to avoid or minimize damage to the Premises or to any other part of Millipore's 80 Ashby Road facility from such removal, and shall promptly reimburse Millipore for its reasonable and actual costs of repairing any damage to the extent caused by Entegris or its agents or representatives in the process of removing the Entegris Equipment from the Premises or any other parts of such facility; and,

4.6.2. Millipore shall provide Entegris with know-how (including copies of all pertinent documentation) and a reasonable amount of transition assistance relating to the design, specifications, functionality, operation and maintenance of the Millipore Equipment, such that Entegris can make or have made, and operate and maintain, equipment substantially equivalent or comparable to the Millipore Equipment, or successfully outsource the functions performed by the Millipore Equipment, in the manufacture of UPE Membranes and Treated Other Entegris Membranes. All Millipore transition assistance shall be charged to Entegris at the rates per person-hour calculated in accordance with Section 7.3 below.

4.7. Joint Know-How. In the event that any know-how results from or is developed in the course of the manufacture of UPE Membranes or Treated Other Entegris Membranes in the Premises during the Term of this Agreement (including the use of Millipore Equipment in such manufacture), whether by employees of Millipore, employees of Entegris or jointly, such know-how shall be jointly owned by Entegris and Millipore. Millipore shall have rights to use such know-how in all fields other than the Entegris Core Business, and Entegris shall have rights to use such know-how in all fields other than the Millipore Core Business.

4.8. Additional Membranes. Entegris shall have the right to add other membranes to the list and definition of "UPE Membranes" during the Term of this Agreement, subject to (i) Millipore's approval (on grounds of safety, compliance with laws, or avoidance of damage to the Millipore Equipment, the Premises or any other parts of Millipore's 80 Ashby Road facility) of the manufacture of such additional UPE Membranes, which approval shall not be unreasonably withheld or delayed, and (ii) Millipore's having sufficient space and equipment capacity for such additional manufacture, and (iii) scheduling of use of the Millipore Equipment as shall be negotiated by the parties in good faith.

5. SUPPLY OF MEMBRANES

5.1. Sale of Membrane. Entegris agrees to sell to Millipore Flat Sheet UPE Membranes, in the amounts contained in Millipore's Releases, at all times during the Term and, in the event this Agreement is terminated by Entegris pursuant to Section 6.2 (iii), at all times following the Term through and including December 31, 2010 or until any event prior thereto that would have given rise to Entegris' right to terminate this Agreement pursuant to Section 6.2 (i) or (ii). Millipore agrees to sell to Entegris, from time to time through and including March 31, 2006, Other Membranes in the amount contained in Entegris' Releases. Except as set forth in Section 5.4 hereof, neither party shall have any minimum or maximum purchase requirements for any or all of such Membranes hereunder, either per order or in the aggregate.

5.2. Terms of Sale. Unless otherwise agreed by both parties in writing, this Agreement applies to all Releases placed by a Supplied Party with a Supplying Party during the Term. The terms and conditions of this Agreement shall apply to any Release, whether or not this Agreement or its terms and conditions are expressly referenced in the Release. All Membrane shall be tested, inspected and packaged for delivery by the Supplying Party as mutually agreed by the parties.

5.3. Priority. Unless otherwise agreed by both parties in writing for a specific transaction, no inconsistent or additional term or condition in any Release, or in any acknowledgment, invoice or other document issued by a Supplying Party or its representative in connection with a particular purchase by a Supplied Party, shall be applicable to a transaction within the scope of this Agreement. Both parties specifically agree that any terms and conditions in any such documents which are in any way inconsistent with this Agreement shall be inapplicable, and the terms of this Agreement shall govern.

5.4. Forecasts and Releases.

5.4.1 Millipore will provide Entegris with a rolling one-year forecast of its demand for UPE Membranes hereunder, by calendar quarter (a "One-Year Forecast"), which will be updated on a quarterly basis, at least thirty (30) days prior to the start of each calendar quarter. The sub-forecast for the first three (3) months within any One-Year Forecast shall be referred to as a "3 Month Forecast". Millipore must provide Releases for delivery, during the three (3) months covered by any 3 Month Forecast, of UPE Membranes in at least those quantities set forth in such 3 Month Forecast. Except for such semi binding nature of the 3 Month Forecasts as described more specifically at 5.4.4 below, the One-Year Forecasts will be used for planning purposes only and are not binding. Entegris will ship UPE

Membranes so as to arrive on the delivery date set forth in a Release, provided that the delivery date set forth in such Release is not less than thirty (30) days following the date Entegris receives such Release and provided that the quantities set forth in such Release, together with those in all other Releases calling for delivery during the same quarter, are not more than thirty percent (30%) greater than the quantities provided in the applicable 3 Month Forecast. For any Releases calling for quantities more than thirty percent (30%) greater than the quantities provided in such 3 Month Forecast, Entegris shall use commercially reasonable efforts to deliver such quantities within thirty (30) days following the date Entegris receives such release or as soon as practicable thereafter.

- 5.4.2** Within ten (10) days after receipt of each One Year Forecast, Entegris will provide a non-binding, good faith projection of its UPE Membrane manufacturing volume (broken down between phobic and philic Membranes), by calendar quarter, for the upcoming four calendar quarters. This information will be used by Millipore for budgeting of resources and revenue, and for the determination of budgeted Machine Hourly Rates for purposes of Section 7.1.2.
- 5.4.3** Entegris' forecasting and Releases to Millipore for Other Membranes for all periods hereunder in which such supply obligations remain in effect shall proceed pursuant to the provisions of this Section 5.4.3. Entegris will provide Millipore with a rolling one-year forecast of its demand for Other Membranes hereunder, by calendar quarter (the "Entegris Annual Forecast"), which will be updated on a quarterly basis, at least thirty (30) days prior to the start of each calendar quarter. The sub-forecast for the first three (3) months within any Entegris Annual Forecast shall be referred to as a "One Quarter Forecast". Entegris must provide Releases for delivery, during the three (3) months covered by any One Quarter Forecast, of Other Membranes not more than zero percent (0%) less or thirty percent (30%) greater than the quantities set forth in such One Quarter Forecast. Except for such commitment with respect to the One Quarter Forecasts, the Entegris Annual Forecasts will be used for planning purposes only and are not binding. Millipore will ship Other Membranes so as to arrive on the delivery date set forth in a Release, provided that the delivery date set forth in such Release is not less than thirty (30) days following the date Millipore receives such Release and provided that the quantities set forth in such Release, together with those in all other Releases calling for delivery during the same quarter, are within the range provided above in accordance with the applicable One Quarter Forecast.
- 5.4.4** Millipore's requirements for membranes for an upcoming quarter shall be submitted to Entegris in the form of purchase orders before the start of that quarter. Millipore shall be entitled to cancel orders without penalty or

other change if the written cancellation notice is received by Entegris prior to the ordered membrane lot being extruded. Millipore shall be entitled to increase volume of membrane ordered during the quarter by issuing a supplemental purchase order and Entegris agrees to make reasonable efforts to accommodate the requested additional volume.

5.5. **Prices; Delivery and Payment Terms.** Membrane prices shall be as set forth in Section 7.5 hereof. Payment terms for the sale of Membranes hereunder shall be as set forth in Section 7.6 hereof. Delivery terms for all Membranes will be FOB 80 Ashby Road, Bedford, MA.

6. **TERM AND TERMINATION**

6.1. The effective period of this Agreement (the "Term" or "Term of this Agreement") shall begin on the Effective Date and continue thereafter until December 31, 2010 or until earlier termination in accordance with Section 6.2. Any Release issued by a Supplied Party before the effective date of termination and in accordance with Section 5.4 hereof shall be fulfilled by the Supplying Party.

6.2. Either party may terminate this Agreement prior to December 31, 2010 without prejudice to any rights or liabilities accruing up to the date of termination:

- (i)** in the event of a material breach by the other party of any of the terms and conditions of this Agreement, by giving the other party written notice of such breach, provided that such breach shall not have been cured within one hundred twenty (120) days following such notice; or,
- (ii)** immediately, by written notice thereof, if any of the following events or an event analogous thereto occurs:
 - a. an adjudication has been made that the other party is bankrupt or insolvent;
 - b. the other party has filed bankruptcy proceedings or has had such proceedings filed against it, except as part of a bona fide scheme for reorganization;
 - c. a receiver has been appointed for all or substantially all of the property of the other party;
 - d. the other party has assigned or attempted to assign this Agreement for the benefit of its creditors; or
 - e. the other party has begun any proceeding for the liquidation or winding up of its business affairs; or,
- (iii)** at any time for convenience of the terminating party upon twenty-four (24) months prior written notice to the other party.

- 6.3. Termination under this Section 6 shall be in addition to and not a substitute for other rights or causes of action of the terminating party.
- 6.4. Termination of this Agreement shall not in any way operate so as to impair or destroy any of the rights or remedies of either party, either at law or in equity, nor shall it relieve the parties of their obligations pursuant to Sections 1, 3.1, 4.5, 4.6, 4.7, 5.1, 5.2, 5.3, 6, 8, 9, 12, 13, 14, 15 and 16 hereof, each of which shall survive the termination or expiration of this Agreement.

7. **PRICES AND PAYMENTS**

- 7.1. **Machine Hourly Rates.** The hourly rates (“Machine Hourly Rates”) for use by Entegris of Millipore’s VMF4 Line, Film 1 Annealing Line and Mix Room equipment (the “Machines”), and the invoicing thereof, shall be as set forth in this Section 7.1. Machine usage (including production and research and development usage) shall be calculated in accordance with the formula set forth in **Annex 2**.
- 7.1.1. **Machine Hourly Rates.** Commencing on the Effective Date, the Machine Hourly Rates that are currently in use by the parties during 2005 shall be applicable from the Effective Date through December 31, 2005. Commencing on January 1, 2006, the Machine Hourly Rates set forth in Annex 1, subject to the annual adjustments as set forth below in this Section, shall be applicable from the Effective Date through the end of the period of the Term of this Agreement. The Machine Hourly Rates shall be adjusted annually as of January 1 of each year, beginning in calendar year 2007, to reflect (i) the then most recent August-to-following-August percentage changes, up or down, in the Producer Price Index for the industry group Pharmaceutical Preparation Manufacturing (series identification number PCU325412325412), (ii) any demonstrated increases in Millipore’s costs associated directly with use of the Machines hereunder and which costs are extraordinary, not presently anticipated and not reflected in the Producer Price Index used pursuant to clause (i) above, and (iii) changes to depreciation charges as a result of capital improvements to the Machines for the production of Membranes, as set forth in Section 7.4.2. Machine Hourly Rates to Entegris are independent of Millipore production volumes on the Machines.
- 7.1.2. **Invoicing for Machine Hourly Rates.** Millipore shall be entitled to invoice Entegris monthly for Machine usage following the end of each month. The Machine Hourly Rates used for the first two months of each calendar quarter shall be the average Machine Hourly Rates that would apply for the budgeted use of each Machine for such quarter, as calculated by Millipore based on the then most recent projections provided by Entegris pursuant to Section 5.5.2 hereof. The invoice for the third month of each calendar quarter shall be adjusted to effect a “true up” to actual Machine usage by invoicing for the net difference between the Machine Hourly Rate applicable to the actual hourly usage of the Machine in question for

the entire quarter multiplied times the actual hours of usage of such Machine for the quarter less the amounts invoiced for usage of such Machine for the first two months of the quarter. This "true up" is so that Entegris effectively pays for all of a quarter's hours at the Machine Hourly Rates appropriate for those total hours.

- 7.2. **Occupancy Rates.** Commencing on the Effective Date, rates for occupancy and use of the Premises shall be as set forth in Exhibit B.
- 7.3. **Support Rates.** Commencing on the Effective Date, rates for extraordinary Millipore supervisory, operational assistance and technical support (as described in Section 3.2 hereof) that are currently in use by the parties during 2005 shall be applicable from the Effective Date through December 31, 2005. Commencing on January 1, 2006, rates for extraordinary Millipore supervisory, operational assistance and technical support (as described in Section 3.2 hereof) shall be as shown in Annex 1. These rates will be adjusted annually as of January 1 of each year, beginning in calendar year 2007, to reflect (i) the then most recent August-to-following-August percentage changes, up or down, in the Producer Price Index for the industry group Pharmaceutical Preparation Manufacturing (series identification number PCU325412325412) and (ii) any demonstrated increases in Millipore's costs associated directly with providing such support hereunder and which costs are extraordinary, not presently anticipated and not reflected in the Producer Price Index used pursuant to clause (i) above.
- 7.4. **Impact of Capital Investment on Prices.**
- 7.4.1. Entegris shall be responsible for funding required capital improvements to the Entegris Equipment for production of hydrophobic Membranes. Millipore shall be responsible for funding required capital improvements to the Millipore Equipment for production of hydrophilic Membranes. To the extent that capital improvements are required for the Millipore Equipment used in the production of hydrophobic Membranes, responsibility for funding that capital improvement shall be mutually agreed upon in accordance with Section I.1.7 of the Supplement. If one party funds the purchase of additional equipment for use in manufacture of UPE Membranes at the Premises, that equipment shall be owned by the funding party.
- 7.4.2. Changes to depreciation charges as a result of capital improvements to the Equipment for the production of Membranes will be reflected in the appropriate work center rates and would be part of the rate adjustment process set forth in Sections 7.1.2 and 7.3. Millipore and Entegris each agree to inform the other of capital purchases that may eventually affect proposed rate/price changes hereunder no later than the time that purchase orders for such capital purchases are placed.

- 7.4.3. Millipore shall have approval authority with respect to any Entegris proposed modifications to VMF 4 equipment for UPE Membrane processing. Millipore agrees that proposed modifications to the VMF4 equipment for non-Entegris UPE Membrane processing that could influence the processing of UPE Membranes on the VMF 4 equipment shall be reviewed with Entegris and shall be subject to mutual agreement.
- 7.4.4. Millipore shall have approval authority for any Entegris proposed modifications to Film 1 manufacturing process for UPE Membranes. Financial impact of those modifications would be mutually agreed upon prior to proceeding.
- 7.4.5. In the event of a process change to either the Film 1 or VMF4 lines, Millipore shall be responsible for change control management for any impact on Millipore products. Likewise, Entegris would be responsible for change control management for any impact on Entegris products.

7.5. **Membrane Prices.**

- 7.5.1. Prices for Other Membranes to Entegris shall be at Millipore's fully burdened manufacturing cost for such Other Membranes, consistent with U.S. Generally Accepted Accounting Principles ("Manufacturing Cost"), plus twenty percent (20%), which pricing shall remain for all periods hereunder in which such supply obligations remain in effect.
- 7.5.2. Commencing on the Effective Date through December 31, 2005, prices for Flat Sheet UPE Membranes to Millipore shall be at Entegris' Manufacturing Cost plus twenty percent (20%). Commencing on January 1, 2006 until adjusted pursuant to Section 7.5.3, prices for Flat Sheet UPE Membranes to Millipore shall be at Entegris' Manufacturing Cost plus fifteen percent (15%).
- 7.5.3. Within thirty (30) days following the Effective Date for purposes of determining Manufacturing Costs of Flat Sheet UPE Membranes to be in effect for 2006, and on or before November 15 of each year during the Term thereafter for which a Supplying Party's Membrane supply obligations will continue hereunder during the following year, beginning with 2007, each Supplying Party shall notify the other party as to the adjusted Manufacturing Cost to be in effect for the following calendar year for the Membranes to be supplied by such Supplying Party and shall make available an "open-book" review of such Manufacturing Cost. Membrane Prices hereunder will be adjusted as of January of each year during the Term to reflect such adjusted Manufacturing Cost. Without limiting the factors involved in determining Manufacturing Cost, the Manufacturing Cost of UPE Membranes shall take into account the budgeted Machine Hourly Rates based on projected annual UPE Membrane manufacturing volume.

7.6. **Payment of Invoices.** All amounts payable by either party to the other pursuant to this Agreement, except for amounts payable as Rent, shall be payable within forty-five (45) days following the later of (i) receipt of ordered Membranes, performance of services or Machine usage, and (ii) receipt of invoice. All payments shall be made in U.S. Dollars. Any late payments shall be subject to interest at a rate of twelve percent (12%) per annum.

8. **NON-COMPETITION**

Except as otherwise provided in Article 5 hereof or elsewhere in this Agreement:

- 8.1.** Millipore agrees that neither it nor any of its Affiliated Companies will (i) sell outside of the Millipore Core Business any UPE Membranes or UPE Products, or (ii) sell any UPE Membranes or UPE Products to any distributor, OEM manufacturer or other third party that has rights to, or that Millipore or any such Affiliated Company has reason to believe will, resell such UPE Membranes or UPE Products outside of the Millipore Core Business or sell other products which include UPE Membranes or UPE Products as materials or components outside of the Millipore Core Business.
- 8.2.** Entegris agrees that neither it nor any of its Affiliated Companies will (i) sell into the Millipore Core Business any Other UPE Membranes or Other UPE Products, or (ii) sell any Other UPE Membranes or Other UPE Products to any distributor, OEM manufacturer or other third party that has rights to, or that Entegris or any such Affiliated Company has reason to believe will, resell such Other UPE Membranes or Other UPE Products into the Millipore Core Business or sell other products which include Other UPE Membranes or Other UPE Products as materials or components into the Millipore Core Business.
- 8.3.** Up to and until March 31, 2006, Millipore agrees that neither it nor any of its Affiliated Companies will (i) sell into the Entegris Core Business any Other Membranes or Other Membrane Products, or (ii) sell any Other Membranes or Other Membrane Products to any distributor, OEM manufacturer or other third party that has rights to, or that Millipore or any such Affiliated Company has reason to believe will, resell such Other Membranes or Other Membrane Products into the Entegris Core Business or sell other products which include Other Membranes or Other Membrane Products as materials or components into the Entegris Core Business.
- 8.4.** Up to and until March 31, 2006, Entegris agrees that neither it nor any of its Affiliated Companies will (i) sell into the Millipore Core Business any Other Membranes or Other Membrane Products, or (ii) sell any Other Membranes or Other Membrane Products to any distributor, OEM manufacturer or other third

party that has rights to, or that Entegris or any such Affiliated Company has reason to believe will, resell such Other Membranes or Other Membrane Products into the Millipore Core Business or sell other products which include Other Membranes or Other Membrane Products as materials or components into the Millipore Core Business.

- 8.5.** Entegris agrees that neither it nor any of its Affiliated Companies will (i) sell outside of the Entegris Core Business any Treated Entegris Membranes or Treated Entegris Products, or (ii) sell any Treated Entegris Membranes or Treated Entegris Products to any distributor, OEM manufacturer or other third party that has rights to, or that Entegris or any such Affiliated Company has reason to believe will, resell such Treated Entegris Membranes or Treated Entegris Products outside of the Entegris Core Business or sell other products which include Treated Entegris Membranes or Treated Entegris Products as materials or components outside of the Entegris Core Business.
- 8.6.** In the event that either party discovers any distribution arrangements pre-existing the Separation Date that would conflict with the provisions of this Agreement, the parties agree that any such pre-existing arrangements shall not constitute a breach hereunder, and they further agree: (i) to use reasonable commercial efforts to cause any such terms of distribution agreements that are inconsistent with the provisions contained herein to be amended so as to be consistent with these provisions, (ii) not to amend any distribution agreements following the date of this Agreement so as to be inconsistent with such provisions, and (iii) not to renew or enter into any distribution agreements or other agreements containing terms inconsistent with the provisions contained herein following the date of this Agreement.
- 8.7.** It is acknowledged and accepted that either party or its Affiliated Companies may from time to time hereafter unintentionally make sales that would be prohibited in accordance with Sections 8.1 through 8.5 ("Sales Outside Field"). Accordingly, notwithstanding Sections 8.1 through 8.5, each party agrees not to actively market or attempt to make Sales Outside Field, *provided* that for any Sales Outside Field that are nevertheless made by and known to a party, such party shall, within forty-five (45) days following the end of each calendar year in which such Sales Outside Field were made, provide an accounting of its Gross Margins on such Sales Outside Field during such calendar year (such accounting to include the total amount of such Sales Outside Field, the total Gross Margins on such Sales Outside Field, and detail regarding the customers to which such Sales Outside Field were made) and payment of the amount of such Gross Margins to the other party. Other than such accountings, neither party shall be liable for any commission, payment, remittance, accrual or obligation or incur any other liability to the other party with respect to any such Sales Outside Field. For purposes of this Section, "Gross Margins" on a party's Sales Outside Field shall mean the sale price, net of discounts and other sales deductions, of a Membrane or

product sold Outside Field, less such party's fully burdened manufacturing cost of such Membrane or product (which for Membranes purchased from the other party hereunder shall mean the price paid to the other party for such Membranes).

9. WARRANTIES AND INDEMNIFICATION

9.1. Each Supplying Party warrants to the corresponding Supplied Party that:

- (i) All Membranes supplied to the Supplied Party hereunder shall conform to the specifications for such Membranes as in effect as of the date of this Agreement and as provided to the Supplied Party, as such specifications may be amended as agreed by the parties ;
- (ii) All Membranes supplied hereunder shall be free of defects in materials and workmanship; and
- (iii) It will abide by all applicable laws and regulations in manufacturing and supplying Membranes pursuant to this Agreement.

9.2. In the event of a breach of the foregoing warranties, the Supplying Party's sole obligation to the Supplied Party shall be to repair, replace or refund, at the Supplying Party's option, any non-conforming Membranes.

9.3. THE SUPPLYING PARTY MAKES NO OTHER WARRANTY, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE. FURTHERMORE, THE SUPPLYING PARTY SHALL NOT BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR ANY OTHER INDIRECT DAMAGES RESULTING FROM ECONOMIC LOSS OR PROPERTY DAMAGE SUSTAINED BY THE SUPPLIED PARTY FROM THE USE OF THE SUPPLIED MEMBRANES.

9.4. Each Supplying Party agrees to indemnify and hold the corresponding Supplied Party harmless from and against any claim or legal action by a third party against such Supplied Party (including reasonable attorneys' fees associated therewith) based on damages incurred as a result of property damages, personal injury or death, to the proportionate extent arising from a breach of any of the above warranties of the Supplying Party or from the Supplying Party's negligent action or omission.

9.5. Without limiting any other rights or remedies that a Supplied Party may have, if such Supplied Party determines that delivered Membranes do not conform to the agreed specifications for such Membranes, then such Supplied Party may reject or withdraw its acceptance thereof and shall notify the Supplying Party in writing of such nonconformity or error within thirty (30) days from receipt of such Membranes by the Supplied Party. The Supplied Party may subject any

Membrane to internal testing for purposes of determining conformity to specifications. The Supplying Party shall have fifteen (15) days after receipt of written notice of nonconformity or error to replace nonconforming Membranes at the expense of the Supplying Party. If so directed by the Supplying Party, the Supplied Party shall return nonconforming Membranes to the Supplying Party's manufacturing facilities, at the Supplying Party's expense and using such carrier and such delivery dates and terms as the Supplying Party shall reasonably specify.

9.6. The parties agree to have their representatives meet at least once every three (3) months (unless otherwise agreed) to review compliance with the manufacturing, specifications, product quality, forecasting and delivery terms set forth in this Agreement, and to agree on any necessary corrective actions or modifications to the Supplement as then in effect.

10. MEMBRANE MODIFICATIONS; NEW MEMBRANES.

10.1. Each Supplying Party agrees that it will not substantially change the Membranes that it will supply hereunder or their formulation, manufacturing or testing processes, process equipment, other aspects of form, fit or function, or production location, unless the Supplied Party approves such change in writing, which approval may require formal validation and qualification and possibly customer notification. The implementation of any such accepted changes shall be subject to the parties' agreement on any change in price or other terms of supply as may be necessitated or requested by a party as a result of such change.

10.2. If any new or improved UPE Membranes result from research and development work that may be conducted by either Millipore or Entegris during the Term of this Agreement, or are requested by Millipore to be added to the supply provisions hereof, and are agreed to by Entegris, and are technically feasible for Entegris to manufacture, it is intended that such UPE Membranes be added to this Agreement both in terms of Entegris' supply to Millipore and Entegris' manufacture of such UPE Membranes, and they shall be so added to this Agreement upon agreement by the parties as to specifications and pricing, which pricing shall be consistent in methodology with the pricing hereunder.

11. ACCESS TO FACILITIES

At any time during the Term, upon reasonable advance notice by a Supplied Party, such Supplied Party's authorized representatives and customers (subject to appropriate confidentiality obligations) shall be provided access to the facilities of the Supplying Party to audit or verify conformity with applicable laws and regulations and mutually agreed to quality standards. During the Term of this Agreement, Millipore's authorized representatives shall be provided access to the Premises for the purpose of auditing or troubleshooting (to be coordinated with Entegris) of technical problems with UPE Membranes or their manufacture. Also, during the Term of this Agreement, Millipore and Entegris customers

(subject to appropriate confidentiality obligations and on reasonable advance notice, and for the purposes indicated above) shall be provided reasonable access, respectively, to the Premises and to the areas of Millipore's 80 Ashby Road facility where the Millipore Equipment is located and used.

12. INSURANCE RELATED TO MEMBRANES

Each Supplying Party agrees to procure and maintain, at all times during the Term, product liability insurance with respect to the Membranes supplied by it (Broad Form Vendor's Endorsement) and contractual liability coverage, with the minimum limits of \$5,000,000 (Five Million Dollars). Each Supplying Party shall, upon request by the Supplied Party, furnish to the Supplied Party a certificate of insurance evidencing the foregoing coverage and limits. The insurance provider shall not be changed without providing the Supplied Party with ten (10) days' prior written notice.

13. CONFIDENTIALITY

13.1. Confidential Information. For the purpose of this Agreement the term "Confidential Information" means Information which is not otherwise in the public domain and of which the owner actively undertakes to restrict or control the disclosure to persons or entities other than Millipore or Entegris or their Subsidiaries in a manner reasonably intended to maintain its confidentiality, and which: **(i)** the party owning or disclosing Confidential Information ("Disclosing Party") disclosed to the non-owning party or recipient of the Confidential Information ("Receiving Party") or the Receiving Party had access to on or before the Separation Date; **(ii)** is contained in or referred to by this Agreement or any exhibit or annex hereto and is known to or in the possession of the Receiving Party as of the Effective Date; or **(iii)** is disclosed to the Receiving Party pursuant to this Agreement during the Term (the "Disclosure Period"). Confidential Information may include information relating to, by way of example, research, products, services, customers, markets, software, developments, inventions, manufacturing processes, designs, drawings, engineering, marketing or finances, and may be in writing, disclosed orally or learned by inspection of computer programming code, equipment or facilities. Confidential Information of third parties that is known to, in the possession of or acquired by a Receiving Party pursuant to a relationship with the Disclosing Party shall be deemed to be the Disclosing Party's Confidential Information for purposes of this Section 13.

13.1.1. Highly Confidential Information means Confidential Information that is technical know-how and trade secrets relating to:
(i) Information relating to manufacturing processes or procedures with respect to devices or other products that are commercially released or for which substantial steps have been taken towards commercialization as of the Effective Date; **(ii)** Information generated by research and development activities; **(iii)** chemical and other scientific formulae

used for the manufacture or treatment of membranes or other separations media or of devices or other products that are commercially released or for which substantial steps have been taken towards commercialization as of the Effective Date; or **(iv)** any other Information which Millipore and Entegris agree is Highly Confidential hereunder.

13.1.2. Exclusions from Confidential Information. Notwithstanding the foregoing provisions of this Section 13.1, Confidential Information shall exclude information that: **(i)** was in the Receiving Party's possession before receipt from the Disclosing Party and obtained from a source other than the Disclosing Party and other than through the prior relationship of the Disclosing Party and the Receiving Party before the Separation Date; **(ii)** is or becomes a matter of public knowledge through no fault of the Receiving Party; **(iii)** is rightfully received by the Receiving Party from a third party without a duty of confidentiality; **(iv)** is disclosed by the Disclosing Party to a third party without a duty of confidentiality on such third party; **(v)** is independently developed by the Receiving Party; or **(vi)** is publicly disclosed by the Receiving Party with the Disclosing Party's prior written approval.

13.2. Confidentiality And Non-Use Obligations. During the Confidentiality Period (as defined in Section 13.3 below), the Receiving Party shall **(i)** protect the Confidential Information of the Disclosing Party by using the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized use, dissemination, or publication of the Confidential Information as Receiving Party uses to protect its own confidential information of a like nature, **(ii)** not use such Confidential Information in violation of any use restriction herein, and **(iii)** not disclose such Confidential Information to any third party, except as expressly permitted under this Agreement or in any other agreements entered into between the parties in writing, without prior written consent of the Disclosing Party.

13.3. Duration of Confidentiality Obligations. The confidentiality obligations provided for in this Section 13 shall continue in effect for the following periods (the "Confidentiality Period"): (i) with respect to Confidential Information that is not Highly Confidential Information, for a period of five (5) years following either (A) the Effective Date with respect to Confidential Information of the Disclosing Party that is known to or in the possession of the Receiving Party as of the Effective Date or (B) the date of disclosure with respect to Confidential Information that was or will be disclosed by the Disclosing Party to the Receiving Party after the Effective Date but before the expiration of the Disclosure Period (as defined in Subsection 13.1 above); and (ii) with respect to Highly Confidential Information, in perpetuity. The obligations set forth in this Section 13 shall survive any termination of this Agreement.

- 13.4. **Compelled Disclosure.** If the Receiving Party or any of its respective Subsidiaries believes that it will be compelled by a court or other authority of competent jurisdiction to disclose Confidential Information of the Disclosing Party, it shall give the Disclosing Party prompt written notice so that the Disclosing Party may take steps to oppose such disclosure and cooperate with the Disclosing Party in its attempts to oppose such disclosure. If the Receiving Party complies with the preceding sentence, it shall not be prohibited from complying with such requirement to disclose, but shall take all reasonable steps to make such disclosure subject to a suitable protective order or otherwise to prevent unrestricted or public disclosure.
- 13.5. **No Restriction on Disclosing Party.** Nothing in this Section 13 shall restrict the Disclosing Party from using, disclosing, or disseminating its own Confidential Information in any way.
- 13.6. **Disclaimer of Warranties as to Confidential Information.** EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL CONFIDENTIAL INFORMATION IS PROVIDED ON AN "AS IS, WHERE IS" BASIS AND THAT NEITHER PARTY NOR ANY OF ITS SUBSIDIARIES HAS MADE OR WILL MAKE ANY WARRANTY WHATSOEVER, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ENFORCEABILITY OR NON-INFRINGEMENT.
14. **NO OTHER RIGHTS**
Neither party shall have any rights hereunder to any patents or other intellectual property of the other party, except as specifically set forth herein. Without limiting the generality of the foregoing, neither party shall have any rights to use any trademarks of the other party for any purpose in connection with the Membranes to be manufactured or supplied hereunder.
15. **DISPUTE RESOLUTION**
- 15.1. **Discussion of Parties.** In the event of a dispute between the parties arising out of or related to this Agreement (the "Dispute"), a party seeking to resolve the Dispute shall give written notice to the other party, describing briefly the nature of the Dispute and its claim and identifying an individual with authority to settle the Dispute on its behalf. The party receiving such notice shall have five (5) business days within which to designate, in a written notice given to the initiating party, an individual with authority to settle the Dispute on its behalf. Neither of such authorized individuals shall have had direct substantive involvement in the matters involved in the Dispute. The authorized individuals shall make such investigation as they deem appropriate and thereafter promptly (but in no event later than thirty (30) days from the date of the initiating party's notice) shall commence discussions concerning resolution of the Dispute.

- 15.2. If the Dispute has not been resolved within thirty (30) days from the commencement of discussions, it shall be submitted to final and binding arbitration under the then current Commercial Arbitration Rules of the American Arbitration Association (“AAA”), by one (1) arbitrator in Boston, Massachusetts. Such arbitrator shall be selected by the mutual agreement of the parties or, failing such agreement, shall be selected according to the aforesaid AAA rules. The arbitrator will be instructed to prepare and deliver a written, reasoned opinion stating its decision within thirty (30) days of the completion of the arbitration. The prevailing party in such arbitration shall be entitled to expenses, including costs and reasonable attorneys’ and other professional fees, incurred in connection with the arbitration. The decision of the arbitrator shall be final and non-appealable and may be enforced in any court of competent jurisdiction.
- 15.3. **Continuity of Service and Performance.** Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 15 with respect to all matters not subject to such dispute, controversy or claim.
16. **GENERAL PROVISIONS**
- 16.1. **Notices.** Any notice or other communication required or permitted to be given by either party pursuant to the terms of this Agreement shall be in writing and shall be deemed given if and when delivered by hand or sent by certified mail, return receipt requested, overnight courier, confirmed telecopy, or confirmed electronic mail transmission, addressed as follows:

If to Millipore: Millipore Corporation
290 Concord Road
Billerica, MA 01821
Attn: Vice President, Global Supply Chain
Fax: (978) 715-1385

with a copy to: Millipore Corporation
290 Concord Road
Billerica, MA 01821
Attn: General Counsel
Fax: (978) 715-1382

If to Entegris: Entegris, Inc.
129 Concord Road
Billerica, MA 01821
Attn: VP Global Supply Chain
Fax: (978) 436-6739

with a copy to: Entegris, Inc.
129 Concord Road
Billerica, MA 01821
Attn: General Counsel
Fax: (978) 436-6739

or to such electronic mail address as may be specified by an addressee party to the other party by one of the other means provided above, or to such other address, telex number or electronic mail address as may be specified by an addressee party to the other by one of the means provided above.

- 16.2. **Force Majeure.** The obligations of a party under this Agreement will be suspended to the extent that it is wholly or partially precluded from complying with its obligations under this Agreement by force majeure. Force majeure includes, but is not restricted to, fire, storm, flood, earthquake, explosion, accident, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, quarantine restriction, labor dispute, labor shortage, transportation embargo or failure or delay in transportation, act of God, act (including laws, regulations, disapprovals or failure to approve) of any government agency, whether national, municipal, or otherwise. During the existence of any such force majeure condition, the affected party shall nevertheless use its best efforts to remove the cause thereof.
- 16.3. **Entire Agreement; Old Agreement.** This Agreement, including Exhibits A, B, and C and Annexes 1 and 2, attached hereto, is the entire agreement between the parties with respect to the subject matter hereof, and supersedes any prior negotiations and agreements or understandings and any contemporaneous oral agreements or understandings with respect to the subject matter hereof. Without limiting the generality of the foregoing, the Old Agreement shall be deemed replaced in its entirety by this Agreement as of the Effective Date, provided that the Old Agreement shall continue to apply to all activities or events that occurred prior to the Effective Date.
- 16.4. **Governing Law.** This Agreement shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of the Commonwealth of Massachusetts as applied to transactions taking place wholly within Massachusetts between Massachusetts residents. The Superior Court of Middlesex County and/or the United States District Court for the District of Massachusetts shall have jurisdiction and venue over all Disputes between the parties that are permitted to be brought in a court of law pursuant to Section 15 above.
- 16.5. **Counterparts.** This Agreement and the Exhibits and Annexes hereto and the other documents referred to herein, may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

- 16.6. **Binding Effect; Assignment.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void. Notwithstanding the foregoing, either party may assign this Agreement and all (but not less than all) of its rights and obligations hereunder to a purchaser or transferee of, or other successor to, substantially all of its business.
- 16.7. **Severability.** If any term or other provision of this Agreement or the Exhibits or Annexes attached hereto is determined by a court, administrative agency or arbitrator to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest extent possible.
- 16.8. **Failure or Indulgence Not Waiver; Remedies Cumulative.** No failure or delay on the part of either party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement or the Exhibits and Annexes attached hereto are cumulative to, and not exclusive of, any rights or remedies otherwise available.
- 16.9. **Amendment.** No change or amendment will be made to this Agreement or the Exhibits or Annexes attached hereto except by an instrument in writing signed on behalf of each of the parties to such agreement.
- 16.10. **Authority.** Each of the parties hereto represents to the other that **(a)** it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, **(b)** the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, **(c)** it has duly and validly executed and delivered this Agreement, and **(d)** this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

16.11. Interpretation. The headings contained in this Agreement or in any Exhibit hereto are for reference purposes only and shall not be conclusive as to the meaning or interpretation of this Agreement. When a reference is made in this Agreement to a Section, Exhibit or Annex, such reference shall be to a Section, Exhibit or Annex of this Agreement unless otherwise indicated.

16.12. Exhibits and Annexes. This Agreement includes the following Exhibits and Annexes, each of which constitutes an integral component part of this Agreement:

- Exhibit A.** Membranes Covered by Agreement
- Exhibit B.** Lease Terms including Attachment A
- Exhibit C.** The Supplement
- Annex 1.** Machine Hourly Rates and Support Rates
- Annex 2.** Formula for Calculating Machine Usage Hours

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

MILLIPORE CORPORATION

By: /s/ Peter C. Kershaw

Name: Peter C. Kershaw
Title: Corporate Vice President of Manufacturing

Date: November 30, 2005

ENTEGRIS, INC.

By: /s/ Bertrand Loy

Name: Bertrand Loy
Title: Executive Vice President and
Chief Administrative Officer

Date: November 30, 2005



October 18, 2005

Mr. John J. Murphy
6125 Arbor Way
Parkville, MO 64152

Dear Joe;

It is my pleasure to extend this offer to you to join Entegris, Inc. as its Senior Vice President, Human Resources, in accordance with our discussion. We are very enthusiastic about your joining Entegris and I trust that you will find the following offer to be acceptable.

Position: Senior Vice President, Human Resources, reporting directly to the Chief Executive Officer. Effective with your commencement of employment, you will also be asked to join the Core Leadership Team and the Corporate Executive Council, the senior management bodies of Entegris.

As Senior Vice President, Human Resources you shall have those powers and duties customary to chief human resource officers of publicly held corporations, together with such other duties as may be assigned to you, from time to time, by the chief executive officer.

Compensation:

Base Salary: Two Hundred and Forty Thousand Dollars (\$240,000) per year, paid biweekly.

Incentive Compensation: Commencing with calendar year 2006, you will participate in the Entegris Incentive Plan (EIP) at an award level of 75% of base salary at target performance achievement; we expect that the award criteria for the 2006 EIP will be finalized by the Management Development & Compensation Committee of the Board of Directors at their meeting in January. For the balance of 2005 you will also be eligible to participate in the transitional period EIP at the above award level on a pro rata basis from your date of employment through calendar year end. All awards under the EIP are at the discretion of the Management Development & Compensation Committee of the Board of Directors.

The Materials Integrity Management Company

Equity Compensation:

I will recommend to the Management Development & Compensation Committee of the Board of Directors that they approve a restricted stock award to you of 50,000 shares of Entegris Common Stock, effective with your commencement of employment. The restrictions will lapse as to 12,500 shares on each anniversary of your date of employment.

Benefits:

You will be entitled to receive all Benefit Coverage provided to the most senior executives of Entegris, effective immediately upon your commencement of employment. These benefits will include, but not be limited to, participation in the Entegris Supplemental Executive Retirement Plan and in the short and long term disability plans. Attached is information outlining all the benefit programs offered by Entegris. If you wish more detailed information, please contact Entegris's General Counsel, Peter Walcott at (978) 436-6680.

Employee-at-Will:

As is the case with your predecessor and all Entegris employees below the chief executive officer, you will be an employee-at-will. However, Entegris will enter into its standard forms of Indemnification Agreement and Executive Termination Agreement (change of control agreement) with you.

Starting Date:

We would welcome your starting in this position full time at your earliest convenience. However, we understand that you believe you are obligated to provide your current employer with three weeks notice. Please co-ordinate your employment commencement through Peter Walcott.

Conditions:

This offer is subject to our satisfaction with a review of your references and to our satisfaction with the results of a comprehensive background check. Of course, your election as a corporate officer and the award of the equity compensation described above are subject to formal action by the Board of Directors or a committee thereof. However, I anticipate no difficulty in obtaining this approval.

Regulatory Matters:

As a senior executive of Entegris you will, of course, be subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934. We would expect to file a Form 8-K Report with the S.E.C. describing the terms of this offer promptly after your election. In addition, since a portion of the equity compensation specified above will be issued under the Entegris 2003 Employment Inducement and Acquisition Stock Option Plan, the details of your equity compensation will be described in the press release announcing your appointment and will be noticed to the NASDAQ in accordance with its rules.

Mr. John J. Murphy
October 18, 2005
Page 3

Please evidence your acceptance of this offer by forwarding a countersigned copy of this letter to me c/o Peter W. Walcott at Entegris's Billerica offices. We are hoping for a response by October 21, 2005.

Again, I express my sincere congratulations and enthusiasm. I believe you will lead the Entegris human resources organization to the next level and I look forward to working with you in that endeavor.

Sincerely;

/s/ Gideon Argov

Gideon Argov
President & Chief Executive Officer

I accept the terms and conditions of this offer.

/s/ John J. Murphy

10-21-2005

John J. Murphy

Date:

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

I, Gideon Argov, certify that:

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

Date: February 9, 2006

/s/ Gideon Argov

Gideon Argov
Chief Executive Officer
(Principal Executive Officer)

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

I, John D. Villas, certify that:

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

Date: February 9, 2006

/s/ John D. Villas

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

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

In connection with the Transition Report on Form 10-Q (the "Report") of Entegris, Inc, a Minnesota corporation (the "Company"), for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof, I, Gideon Argov, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

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

Date: February 9, 2006

/s/ Gideon Argov

Gideon Argov
Chief Executive Officer

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

In connection with the Transition Report on Form 10-Q (the "Report") of Entegris, Inc, a Minnesota corporation (the "Company"), for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof, I, John D. Villas, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

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

Date: February 9, 2006

/s/ John D. Villas

John D. Villas
Chief Financial Officer