REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders
of SAES Getters S.p.A.

We have audited the accompanying consolidated balance sheets of SAES Getters S.p.A. (an Italian corporation) and its subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SAES Getters S.p.A. and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in Italy.

The accounting practices of the Company used in preparing the accompanying consolidated financial statements conform with accounting principles generally accepted in Italy, but do not conform with accounting principles generally accepted in the United States of America ("U.S. GAAP"). A description of these differences and a reconciliation of net income and shareholders' equity to U.S. GAAP are set in Note 23 to these financial statements.

PricewaterhouseCoopers S.p.A.

Milan, Italy,
April 8, 2002

SAES GETTERS S.p.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2000 and 2001
(Thousands of Euro or thousands of Dollars, except per share data)

	2000	2001	2001
ASSETS	**Euro**	**Euro**	**Dollars**
Current assets:			
Cash and cash equivalents	77,994	70,546	62,793
Marketable securities (Note 5)	12,451	10,457	9,308
Accounts receivable, net (Note 6)	37,566	28,588	25,446
Other receivables and prepaid expenses (Note 7)	7,142	12,471	11,100
Deferred income taxes (Note 8)	3,297	4,593	4,088
Inventories, net (Note 9)	28,270	31,093	27,676
Total current assets	166,720	157,748	140,411
Property, plant and equipment, net (Note 10)	53,332	67,756	60,310
Other investments (Note 11)	427	432	385
Intangible assets, net (Note 12)	21,863	17,114	15,233
Deferred income taxes (Note 8)	1,559	3,937	3,504
Other assets	1,331	1,155	1,028
Total assets	245,232	248,142	220,871
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Bank overdrafts (Note 13)	25,422	30,617	27,252
Current portion of long-term debt (Note 16)	1,162	914	814
Trade accounts payable	13,954	9,459	8,419
Other payables (Note 14)	14,608	11,426	10,170
Accrued liabilities and deferred income	1,856	2,793	2,486
Income taxes payable (Note 15)	4,149	3,180	2,831
Total current liabilities	61,151	58,389	51,972
Long-term liabilities:			
Long-term debt, net of current portion (Note 16)	2,916	2,666	2,373
Accrual for termination indemnities (Note 17)	9,352	9,488	8,445
Other	785	139	124
Total long-term liabilities	13,053	12,293	10,942
Total liabilities	74,204	70,682	62,914
Commitments and contingencies (Note 19)			
Shareholders' equity (Note 21):			
Capital stock, represented by 13,874,930 Ordinary Shares and 9,625,070 Savings Shares, nominal value Euro 0.52 each at December 31, 2001	12,220	12,220	10,877
Legal reserve	3,617	4,230	3,765
Paid-in capital in excess of nominal value	40,797	40,797	36,313
Reserves from revaluation of assets	3,026	3,026	2,693
Reserve for own shares on hand	-	1,230	1,095
Other reserves and retained earnings	101,596	103,979	92,552
Cumulative translation adjustments	9,772	11,978	10,662
Total shareholders' equity	171,028	177,460	157,957
Total liabilities and shareholders' equity	245,232	248,142	220,871

The accompanying notes are an integral part of the consolidated financial statements

SAES GETTERS S.p.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 1999, 2000 and 2001
(Thousands of Euro or thousands of Dollars)

	1999	2000	2001	2001
	Euro	**Euro**	**Euro**	**Dollars**
Net sales	115,710	172,552	160,169	142,566
Cost of sales	60,622	88,356	85,594	76,187
Gross profit	55,088	84,196	74,575	66,379
Operating expenses:				
Research and development	8,733	10,561	12,302	10,950
Selling	16,561	20,155	23,088	20,551
General and administrative	16,140	19,637	22,227	19,784
Total operating expenses	41,434	50,353	57,617	51,285
Operating income	13,654	33,843	16,958	15,094
Non-operating income (expenses):				
Interest and other financial income, net (Note 22)	657	1,240	1,653	1,471
Foreign exchange gains (losses), net (Note 22)	1,754	917	2,683	2,388
Equity gains of affiliates, net	28	14	39	36
Other income (expenses), net (Note 22)	331	1,068	(4,969)	(4,423)
Total non-operating income (expenses)	2,770	3,239	(594)	(528)
Income before taxes	16,424	37,082	16,364	14,566
Income taxes (Note 22)	(3,872)	(9,841)	(2,278)	(2,028)
Net income	12,552	27,241	14,086	12,538

The accompanying notes are an integral part of the consolidated financial statements

SAES GETTERS S.p.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 1999, 2000 and 2001
(Thousands of Euro or thousands of Dollars)

	1999 Euro	2000 Euro	2001 Euro	2001 Dollars
Cash flows from operating activities:				
Net income	12,552	27,241	14,086	12,538
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	11,080	12,992	13,883	12,357
Write down of assets	139	15	3,472	3,090
Provision for inventory obsolescence	566	387	1,072	954
Provision for bad debts	64	281	809	720
Unrealized loss on marketable securities	176	-	49	44
Accrual for termination indemnities	1,464	1,848	2,095	1,865
Losses (gains) of equity method investments	(28)	(14)	(39)	(36)
Net gain on disposal of property, plant and equipment	(61)	(1,329)	22	21
Deferred income taxes	(1,423)	(1,082)	(3,673)	(3,269)
	24,529	40,339	31,776	28,284
Changes in operating assets and liabilities:				
Decrease (increase) in accounts receivable	(8,877)	(8,289)	8,169	7,271
Decrease (increase) in other receivables and prepaid expense	1,144	571	(5,330)	(4,744)
Decrease (increase) in inventories	(1,659)	(5,038)	(3,895)	(3,467)
Increase (decrease) in trade accounts payable	951	2,420	(2,897)	(2,579)
Increase (decrease) in other payables	(2,770)	3,899	(3,182)	(2,832)
Increase (decrease) in accrued liabilities	337	268	937	834
Increase (decrease) in income taxes payable	864	2,012	(969)	(863)
Payments of termination indemnities	(1,241)	(758)	(1,881)	(1,674)
Net cash provided by operating activities	13,278	35,424	22,728	20,230
Cash flows from investing activities:				
Purchases of property, plant and equipment	(6,859)	(14,221)	(23,887)	(21,262)
Proceeds from sales of property, plant and equipment	535	3,007	510	454
Purchases of marketable securities	(8,871)	-	-	-
Proceeds from sales of marketable securities	3,859	2,819	3,175	2,826
Purchases of intangible assets	(1,424)	(945)	(1,391)	(1,238)
Decrease (increase) in other assets	(118)	10	176	157
Cash paid on investments net of cash acquired	(669)	(5,879)	(2,517)	(2,241)
Net cash provided (used) by investing activities	(13,547)	(15,209)	(23,934)	(21,304)
Cash flows from financing activities:				
Dividends paid	(4,156)	(4,763)	(9,860)	(8,776)
Share buyback	-	-	(1,230)	(1,095)
Increase (decrease) in bank overdrafts	8,072	3,137	5,195	4,624
Borrowings of long-term debt	-	-	-	-
Repayments of long-term debt	(2,671)	(1,191)	(716)	(637)
Other	(75)	524	139	124
Net cash provided (used) by financing activities	1,170	(2,293)	(6,472)	(5,760)
Effect of exchange rate differences	2,581	(1,014)	230	205
Increase in cash and cash equivalents	3,482	16,908	(7,448)	(6,629)
Cash and cash equivalents at beginning of the year	57,604	61,086	77,994	69,422
Cash and cash equivalents at end of the year	61,086	77,994	70,546	62,793
Supplemental disclosure of cash flow data:				
Cash paid during the year for:				
Interest	1,761	1,637	1,511	1,345
Income taxes	3,254	6,382	10,570	9,409

The accompanying notes are an integral part of the consolidated financial statements

	1999	2000	2001	2001
	Euro	**Euro**	**Euro**	**Dollars**
Details of acquisitions and other changes in consolidation area:				
Assets	904	9,243	-	-
Liabilities (1)	(52)	(3,364)	2,517	2,241
Cash paid	852	5,879	2,517	2,241
Less cash acquired	(183)	-	-	-
Cash paid on investments net of cash acquired	669	5,879	2,517	2,241

(1) In 1999 and 2000 this item included notes to sellers of nil and €3,046 thousand, respectively. The balance of €2,517 thousand was paid to sellers in 2001.

The accompanying notes are an integral part of the consolidated financial statements

SAES GETTERS S.p.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 1999, 2000 and 2001
(Thousands of Euro, except per share data)

	Capital Stock						Legal	Paid-in Capital in Excess of	Reserves from	Reserve	Other Reserves and	Cumulative	
	Ordinary		Preference		Savings								
	Shares	Euro	Shares	Euro	Shares	Euro	Reserve	Nominal Value	Revaluation of Assets	for own shares on hand	Retained Earnings	Translation Adjustments	Total
Balance, December 31, 1998	13,656,180	7,053	218,750	113	9,625,070	4,971	2,960	51,297	1,265	-	61,032	1,498	130,189
Appropriation of 1998 income:													
Dividends (Euro 0.170 for each of the 13,656,180 Ordinary Shares, Euro 0.181 for each of the 218,750 Preference Shares and Euro 0.186 for each of the 9,625,070 Savings Shares)											(4,156)		(4,156)
Legal reserve							359				(359)		-
Utilization of reserve as per art. 54 Law 917/86													
Unrealized gain from translation of foreign subsidiaries' financial statements												7,161	7,161
Net income for the year											12,552		12,552
Balance, December 31, 1999	13,656,180	7,053	218,750	113	9,625,070	4,971	3,319	51,297	1,265	-	69,069	8,659	145,746
Appropriation of 1999 income:													
Dividends (Euro 0.196 for each of the 13,656,180 Ordinary Shares, Euro 0.207 for each of the 218,750 Preference Shares and Euro 0.212 for each of the 9,625,070 Savings Shares)											(4,763)		(4,763)
Legal reserve							298				(298)		-
Conversion of Preference Shares into Ordinary Shares at the ratio of one Ordinary Share for one Preference Share	218,750	113	(218,750)	(113)									-
Right issue following conversion of share capital into Euro		49				34					(83)		-
Reserves from revaluation of assets									1,761		(70)		1,691
Transfer to reserve for purchase of own shares								(10,500)			10,500		-
Unrealized gain from translation of foreign subsidiaries' financial statements												1,113	1,113
Net income for the year											27,241		27,241
Balance, December 31, 2000	13,874,930	7,215	-	-	9,625,070	5,005	3,617	40,797	3,026	-	101,596	9,772	171,028

The accompanying notes are an integral part of the consolidated financial statements

SAES GETTERS S.p.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 1999, 2000 and 2001
(Thousands of Euro, except per share data)

	Capital Stock												
	Ordinary		Preference		Savings		Legal	Paid-in Capital in Excess of Nominal	Reserves from Revaluation	Reserve for own shares	Other Reserves and Retained	Cumulative Translation	
	Shares	Euro	Shares	Euro	Shares	Euro	Reserve	Value	of Assets	on hand	Earnings	Adjustments	Total
Balance, December 31, 2000	13,874,930	7,215	-	-	9,625,070	5,005	3,617	40,797	3,026	-	101,596	9,772	171,028
Appropriation of 2000 income:													
Dividends (Euro 0.413 each of the 13,874,930 Ordinary Shares and Euro 0.429 for each of the 9,625,070 Savings Shares)											(9,860)		(9,860)
Legal reserve							613				(613)		-
Transfer to reserve for own shares on hand										1,230	(1,230)		-
Unrealized gain from translation of foreign subsidiaries' financial statements												2,206	2,206
Net income for the year											14,086		14,086
Balance, December 31, 2001	13,874,930	7,215	-	-	9,625,070	5,005	4,230	40,797	3,026	1,230	103,979	11,978	177,460

The accompanying notes are an integral part of the consolidated financial statements

1. Nature of Operations

SAES Getters S.p.A. (the "Company") headquartered in Lainate, Milan, Italy, is an Italian public company listed on the *Mercato Telematico Azionario* ("MTA") of the Borsa Italiana S.p.A.

In May 1996, the Company issued 3,500,000 Savings Shares in the United States and Canada in the form of American Depositary Shares ("ADS"). Each ADS represents one Savings Share. Since May 1996, the ADSs of the Company have been listed on *The Nasdaq Stock Market*.

The Company is the world leader in getter technology used to create and maintain vacuum and purified gas environments. High vacuum and purified gas environments are required in the production of a wide range of products in several high to medium technology industries, as well as in scientific applications, such as traditional electronics, semiconductors, lighting, telecommunications, appliances and laboratory physics experiments.

The Group's primary products are: "getters", which are used to improve and maintain a vacuum, gas purifiers, which are used to remove trace impurities from process gases, and gas analyzers apparatuses, which are used to detect residual trace impurities in such gases. A getter is a device composed of metal or a metal alloy which exhibits a chemical affinity for specific gases and, when introduced into an evacuated device, absorbs the targeted gaseous molecules present, creating and maintaining an appropriate vacuum or, when used for gas purification purposes, creating a highly purified gas.

The Company is organized in two "Aggregates": the Components Aggregate and the Equipment Aggregate.

Substantially all of the Group's manufacturing of its gas purifiers and integrated analytical systems currently takes place in a single production facility located in San Luis Obispo, California and all of its processing of barium alloy, the primary material used in the production of evaporable getters, takes place in a single production facility located in Avezzano, Italy.

2. Summary of Significant Accounting and Reporting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles prescribed by Italian law and supplemented by the accounting principles issued by the *Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri,* the Italian National Professional Accounting Board, (collectively, "Italian GAAP"). Italian GAAP differs in certain respects from generally accepted accounting principles in the United States ("U.S. GAAP"). A description of these differences and their effects on net income and shareholders' equity is set forth in Note 23.

The preparation of the financial statements in conformity with Italian GAAP requires management to make certain estimates and assumptions, which affect the reported earnings, financial position and various disclosures. Actual results could differ from those estimates.

The financial statements have been reformatted from the original Italian statutory financial statement presentation and include certain additional disclosures in order to conform more closely to the form and content of financial statements required by Regulation S-X of the U.S. Securities and Exchange Commission (the "SEC").

Following the adoption of a different presentation for some items in 2001, the corresponding amounts for the previous years have been restated for comparison purpose.

A statement of cash flows is not required under Italian law. The statement of cash flows has been prepared in accordance with U.S. GAAP using the indirect method.

The Company began to publish its consolidated financial statements in Euro beginning in the second quarter of 2001. The consolidated financial statements for the year ended December 31, 2001 are published in Euro. Consolidated financial data relating to prior years, which were originally published in Lire, have been translated into Euro using the fixed exchange rate of Euro 1.00 = Lit. 1,936.27. In this annual report, references to "Dollars" or "$" are to the currency of the United States, references to "Euro" or "€" are to the common European currency and references to "Lira", "Lire" or "Lit." are to the former currency of Italy which, as of February 28, 2002, is no longer legal tender in Italy.

Principles of Consolidation

The consolidated financial statements include the accounts of SAES Getters S.p.A., and its wholly-owned subsidiaries (collectively, the "Group"): Saes Metallurgia S.p.A., Saes Advanced Technologies S.p.A., Saes Getters USA, Inc. (and its wholly-owned subsidiaries Getters Corporation of America and Saes Pure Gas, Inc.), Saes Getters Japan Co. Ltd., Saes Getters Korea Corporation (37.48% directly owned and 62.52% indirectly through Saes Getters International Luxembourg S.A.), Saes Getters Singapore Pte Ltd., Saes Getters (Deutschland) GmbH, Saes Getters (GB) Ltd., Saes Getters France S.a.r.l., Saes Getters Finance S.A. (99.90% directly owned and 0.10% indirectly through Saes Metallurgia S.p.A.), Saes Getters International Luxembourg S.A. (90% directly owned and 10% indirectly through Saes Getters Finance S.A.) and its wholly-owned subsidiaries FST Consulting International, Inc., Trace Analytical, Inc., Molecular Analytics, Inc. and Saes Getters Technical Service (Shanghai) Co., Ltd.

The individual financial statement of each of the foreign subsidiaries was converted to Italian GAAP.

Investments in which the Company has significant restrictions in its ability to control (due to the fact that, notwithstanding the majority ownership, the subsidiary Bylaws grant the minority shareholder substantive participating rights which allow them to perform corporate actions and require unanimity of consent for certain resolutions that are significant to directing and carrying on activities in the ordinary course of business) or holds less than majority ownership are respectively accounted for under line by line proportional method (Nanjing Saes Huadong Getters Company Limited, the "NSHG Joint Venture", 65% owned) or under the equity method (Japan Getters Inc., 50% owned). See Note 11.

All intercompany transactions have been eliminated in consolidation.

The financial statements of the foreign subsidiaries have been translated into Euro by applying the exchange rate prevailing at December 31, 2000 and 2001 to the respective balance sheet items and the average exchange rates for 1999, 2000 and 2001 to the corresponding income statement accounts. The translation effect has been recorded in shareholders' equity under the line item "Cumulative translation adjustments".

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits with banks, with original maturities of less than 90 days.

Marketable Securities

Marketable securities are stated at the lower of cost or market value. For the Italian companies of the Group, market value is determined by the average market price during the last month of the period presented. For all other subsidiaries, market value is determined as the price on the last day of the year. If a market price is not available, market value is determined by references to securities with similar characteristics or management's best estimate.

Marketable securities also include investments with original maturities of less than ninety days from the date of acquisition. In addition, securities with maturities greater than one year are classified as current assets since it is not the Company's intent to hold these securities to maturity. The Company considers these investments to be highly liquid.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method (FIFO). Provision for potentially obsolescence or slow-moving inventory is made based on management's analysis of inventory levels and future sales forecasts. If market conditions are less favorable than those projected by management, additional inventory reserves may be required.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for certain fixed assets (mainly buildings, machinery and equipment) of the Group which were revalued in accordance with applicable Italian monetary revaluation laws in 1975, 1983, 1991 and 2000. Revaluations have been recorded in shareholders' equity under "Reserves from revaluation of assets".

Depreciation is provided on a straight-line basis using annual rates that approximate the estimated useful economic lives of the related assets. The rates applied are as follows:

Buildings	2.5-3%
Machinery and equipment	10-25%
Furniture, fixtures and other	7-25%

Major renewals and improvements are capitalized. Maintenance, repairs and minor improvements that do not extend asset lives are expensed as incurred.

Gains and losses recognized on sales of fixed assets are recorded in the period in which the asset is sold.

At December 31, 2000 and 2001, no property, plant and equipment were pledged as collateral.

As permitted by Italian law, leased property, plant and equipment are considered operating leases and the payments are charged to operations when incurred.

Accounts Receivable and Payable

Accounts receivable and payable are reflected at their stated value. Accounts receivable are reduced to their expected realizable value by an allowance for doubtful accounts.

Foreign Currency Transactions and Translations

Receivables and payables in foreign currency, as well as all bank accounts, securities and other financial items in foreign currency are recorded in local currency at the historical rate of exchange existing at the date of the related operations.

Exchange gains and losses realized at collection of receivables in foreign currency, payment of payables in foreign currency, bank accounts operations in foreign currency, loan payments in foreign currency and selling of securities in foreign currency are recorded in the income statement in the line item "Foreign exchange gains (losses), net".

Accounts receivable and payable denominated in foreign currencies are reflected at the year-end exchange rates. The resulting gains and losses are recorded in the statement of income. An exception exists for long-term accounts receivable and payable. At period end, when the translation of all existing long-term accounts receivable and payable in foreign currency to local currency using rates of exchange existing at the financial statements date discloses a net gain, this is prudentially deferred by a provision booked in item "Accrued liabilities and deferred income".

Intangible Assets

Intangibles are capitalized and amortized on a straight-line basis over the period of the expected benefit. The amortization period is generally from three to five years.

Goodwill is periodically reviewed for impairment. The carrying value of goodwill would be deemed to be impaired if the best estimate of future undiscounted cash flows over their remaining amortization period is less than their carrying value. If goodwill is deemed to be impaired, the impairment charge is measured using the goodwill's estimated fair value. The fair value of goodwill is calculated using a discounted cash flow analysis. Factors that may impact the valuation of goodwill include, among other things, the technical know how and market demand.

Accrual for Termination Indemnities

The accrual for termination indemnities has been computed according to the provisions of law, national collective labor contracts and local labor contracts.

Under Italian law, deferred compensation accrues in favor of employees which they (or in the event of their death, their heirs) are entitled to collect upon termination of employment. The amount payable related to each year's service is calculated on the basis of the remuneration for that year (approximately 1/13th of total remuneration) and is subject to annual revaluations based on increases in the Italian cost-of-living index ("ISTAT"). Accordingly, the amount accrued represents the benefits to which each employee is entitled if the employee were to separate from the Company immediately.

The Group has additional termination indemnity plans for employees of certain Group companies. The annual accrual is based upon specific criteria contained within the employees' contracts.

Net Sales and Revenue Recognition

Net sales in the consolidated statements of income are represented by gross sales from operations, net of sales returns and discounts. Revenues from other sources are recorded as "other income". Revenue from sales is recognized upon delivery of the related goods or completion of the services or the contract work in progress.

Research and Development Costs

Research and development costs are expensed in the period in which they are incurred. Investment grants from government agencies are deferred and recognized as income in the period in which the research expenditure is incurred.

Advertising Costs

All advertising costs are expensed in the period in which they are incurred.

Income Taxes

The charge for currently payable taxation is based on the amount estimated to be payable calculated on the basis of the tax legislation currently in force.

The effect of deferred taxation on temporary differences in reporting of income and expense items for financial accounting and tax purposes is accounted for using the full liability method.

As a result of the introduction of accounting principle No. 25 issued by the Italian National Professional Accounting Board, as from 1 January 1999 deferred tax assets and advance taxes relating to tax loss carry-forwards and temporary differences are also recognized to the extent that a "reasonable certainty" exists that future taxable income will be available against which they can be utilized.

No taxes have been provided for in relation to the distribution of certain reserves within shareholders' equity. On January 1, 1998, due to tax legislation passed in Italy, a substitute tax of 2.2% or 5.6%, depending on the type of reserve was accrued and paid. The Company's remaining untaxed reserves are subject to the IRPEG (Italian national tax) tax rate in force at the moment of distribution.

Foreign Exchange Contracts

The Company enters into foreign exchange contracts to reduce the risk that the eventual net cash inflows in foreign currency resulting from sales to foreign customers will be adversely affected by changes in exchange rates. Deferred gains and losses are recognized when the future sales are recognized. The Company does not enter into foreign exchange contracts for speculative purposes.

Investment Tax Credits

The Company accounts for its investment tax credits as a reduction of income tax expense in the year the income taxes payable is reduced.

3. Translation of Euro Amounts in to Dollars Amounts

The financial statements are stated in Euro. The translations of the Euro amounts into Dollars are included solely for the convenience of the reader, using the Noon Buying Rate certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2001, which was Euro 1.00 = $0.8901 ($1.00 = Lit. 2,175.34). The convenience translations should not be construed as a representation that the Euro amounts have been, could have been, or could in the future be, converted into Dollars at this or any other rate of exchange.

4. Restricted Bank Deposits

As of December 31, 2000 and 2001, the following bank deposits were subject to withdrawal restrictions (in thousands of Euro).

	2000	2001	Remarks
Cash and cash equivalents:			
KorAm Bank	25	21	Guarantee for loans for employee

Restricted bank deposits are classified as cash and cash equivalents in the balance sheet.

5. Marketable Securities

As of December 31, 2000 and 2001, the carrying amount of marketable securities was €12,451 thousand and €10,457 thousand, respectively. Marketable securities consisted primarily of bonds denominated in Euro. They also included quotas of investment funds denominated in Euro. They also include an amount of €1,230 as own shares purchased during the year 2001 to increase liquidity and to maintain the trend of trading activity traditionally achieved by the Company's share.

	Number of Shares (units)	Cost (thousands of Euro)
Treasury stock held by SAES Getters S.p.A.		
- Ordinary Shares	76,650	692
- Savings Shares	97,950	538
Total treasury stock	174,600	1,230

The Company considers this investment to be highly liquid.

6. Accounts Receivable

Accounts receivable amounted to €37,566 thousand and €28,588 thousand as of December 31, 2000 and 2001, respectively, net of the allowance for doubtful accounts of €709 thousand €1,527 thousand as of December 31, 2000 and 2001, respectively.

7. Other Receivables and Prepaid Expenses

Other receivables and prepaid expenses at December 31, 2000 and 2001, consisted of the following (in thousands of Euro):

	2000	2001
Receivables from tax authorities	74	3,568
VAT receivables	4,628	5,090
Deposits	75	72
Prepaid expenses	1,233	1,079
Accrued income	250	116
Other items	882	2,546
Total other receivables and prepaid expenses	7,142	12,471

As of December 31, 2001, receivables from tax authorities were primarily related to tax credits on dividends collected from the Group's subsidiaries and prepayments of income taxes. These receivables will be partially utilized against the payment of 2001 income taxes.

8. Deferred Income Taxes

During 1997, significant tax reforms have been introduced by the Italian Government. These changes include the introduction of a regional production tax ("IRAP"), a dual income tax, abolition of the equalization tax and reform of the stock transfer tax.

On December 24, 1997, the Italian parliament approved IRAP to be effective January 1, 1998. The effect was that the local tax of 16.2% ("ILOR"), as well as other taxes (i.e. tax on equity), were abolished and replaced by IRAP at a rate of 4.25%. Effective January 1st, 2001 the national tax ("IRPEG") has been reduced from 37% to 36%, resulting in the new tax rate of approximately 40.25%. The largest impact of this legislation is that it changed the nature upon which certain items are taxed or not deducted. The calculation of taxable income for IRPEG purposes remains the same. However in order to calculate income for IRAP purposes, certain adjustments are necessary for items that are now non-tax deductible (generally all employee costs, interest and certain accruals). Consequently it is possible that the effective tax rate does not approximate 40.25%.

The total amount of the deferred income taxes amounted to €4,856 thousand and €8,530 thousand as of December 31, 2000 and 2001, respectively, and primarily represented the tax effects of timing differences between taxable income and the income reported for financial reporting purposes by consolidated companies, as well as the tax effect of consolidated adjustments. The non-current portions of the deferred income taxes are €1,559 and €3,937 as of December 31, 2000 and 2001 respectively. The amount for the year 2000 has been restated for comparison purpose.

9. Inventories

Inventories as of December 31, 2000 and 2001 consisted of the following (in thousands of Euro):

	2000	2001
Raw materials and others	13,642	13,008
Work in progress	6,600	6,981
Finished goods	9,289	13,235
	29,531	33,224
Provision for obsolescence	(1,261)	(2,131)
Total inventories, net	28,270	31,093

Provision for potentially obsolescence or slow-moving inventory is made based on management's analysis of inventory levels and future sales forecasts.

10. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2000 and 2001 consisted of the following (in thousands of Euro):

	2000	2001
Property, plant and equipment:		
Land and buildings	20,354	27,195
Machinery and equipment	81,956	95,728
	102,310	122,923
Less: Accumulated depreciation		
Buildings	(6,448)	(7,330)
Machinery and equipment	(50,688)	(57,635)
	(57,136)	64,965
Property, plant and equipment, net:		
Land and buildings	13,906	19,865
Machinery and equipment	31,268	38,093
	45,174	57,958
Construction-in-progress	8,158	9,798
Total property, plant and equipment, net	53,332	67,756

The cost of fixed assets includes a net write up for revaluations that at December 31, 2000 and 2001 amounted to €2,107 thousand and €1,737 thousand, respectively.

11. Other Investments

Other investments amounted to €427 thousand and €432 thousand as of December 31, 2000 and 2001, respectively.

The balances included the Group's investment in Japan Getters Inc. joint venture, which is owned 50% by Saes Getters Japan Co. Ltd. and 50% in the aggregate by Japan Metals & Chemicals Co. Ltd. and Mitsui & Co. Ltd. Japan Getters Inc. sells non-evaporable getters and provides related services to its customers.

In 2000 and 2001 there were no changes in the consolidation method.

12. Intangible Assets

The balances for intangibles as of December 31, 2000 and 2001 were comprised of the following (in thousands of Euro):

	2000	2001
Goodwill	20,012	17,304
Trademarks and licenses	2,028	2,470
Patents	1,167	1,307
Other costs	3,617	3,966
Deferred charges	8,105	9,321
	34,929	34,368
Less: Accumulated amortization	(13,066)	(17,254)
Total intangible assets, net	21,863	17,114

The line item "goodwill" mainly refers to the acquisitions of Trace Analytical, Inc. and FST Consulting International, Inc. in 1998, PCP, Inc. (subsequently merged into Trace Analytical, Inc.) in 1999, and Molecular Analytics, Inc., in 2000. Goodwill generated in these acquisitions is amortized over ten years.

The decrease in goodwill mainly relates to the impairment charges of €2,512 thousand and €391 thousand, respectively, recorded to write-down a portion of the goodwill attributable to Molecular Analytics, Inc. and Getters Corporation of America. The impairment related to Molecular Analytics was identified as a result of the slowdown that occurred in the semiconductor industry as well as the resultant negative operating performance of the Company. The impairment related to Getters Corporation of America was identified as a result of the transfer of the production of getters for color Cathode Ray Tubes to Saes Getters S.p.A. in Lainate (Italy). The Company recorded these impairment charges based on the excess of the goodwill's carrying value over its fair value. The fair value of goodwill was calculated using a discounted cash flow analysis.

Other costs consist primarily of start up costs and, to a lesser extent, personnel and training costs.

Deferred charges consist primarily of purchased computer software and leasehold improvements.

13. Bank Overdrafts

As of December 31, 2000 and 2001, the Group had uncollateralized overdrafts of €25,422 thousand and €30,617 thousand, respectively. At December 31, 2001 the Group had uncollateralized overdrafts denominated in Dollars amounting to $25.9 million (€29,423 thousand) and in Japanese Yen for an amount of Yen 137.8 million (€1,194 thousand). The total uncollateralized credit line facilities available at December 31, 2000 and 2001 amounted to €48,547 thousand and €58,429 thousand, respectively, of which €23,125 thousand and €27,812 thousand, respectively, were available for further borrowing. The weighted average interest rates for the years ended December 31, 2000 and 2001 were 6.91% and 4.34%, respectively.

14. Other Payables

Other payables as of December 31, 2000 and 2001 consisted of (in thousands of Euro):

	2000	2001
Vacation and other employee entitlements	4,616	5,911
Withholding taxes and equity tax payable	2,313	1,423
Social security payables	1,426	1,867
Advances from customers	1,456	123
Other items	4,797	2,102
Total other payables	14,608	11,426

The increase in the line "vacation and other employee entitlements" is mainly due to employee severance of Getters Corporation of America related to the restructuring of the Display Devices Business Area.

The line "other items" as of December 31, 2000 included €3,111 thousand related to the payable amount to the former owners of Molecular Analytics, LLC, which was settled in 2001 respecting the terms of the agreement. A certain portion of this debt, for an amount of €609 thousand, was offset with counterpart goodwill. This amount was subject to the achievement of specific covenants included in contractual clauses that were not reached by the Company during the year 2001. The remaining part of the debt was completely paid during the year 2001.

15. Income Taxes Payable

Current income taxes payable of €4,149 thousand and €3,180 thousand at December 31, 2000 and 2001, respectively, included taxes payable within the next operating year. The decrease in 2001 was mainly due to a decrease of profits from most of the Group's companies.

16. Long-Term Debt

Long-term debt, as of December 31, 2000 and 2001, consisted of the following borrowings (in thousands of Euro unless otherwise stated):

	2000	2001	Fair Value 2001
Banca Commerciale Italiana – Shanghai—Five Year Long Term loan up to $7,400,000 bearing interest at Libor plus 0.15%. At December 31, 2001 borrowed for $3,948,000, of which $2,800,000 denominated in Dollars bearing interest at 2.625% and $1,148,000 denominated in local currency (RMB 9.5 million) bearing interest at 5.58% (amount shown for the 65% proportional share).	3,891	2,912	2,912
Other loans	187	668	668
Total	4,078	3,580	3,580
Less: current portion	(1,162)	(914)	
Non-current portion	2,916	2,666	

The "Other loans" are denominated in Euro.

Maturities of debt are as follows:

	Amount
Year ending December 31:	
2001	914
2002	2,120
2003	87
2004	88
Thereafter	371
	3,580

At December 31, 2000 and 2001 no long-term debt was pledged as collateral.

17. Accrual for Termination Indemnities

The balances for termination and other indemnities as of December 31, 2000 and 2001 consisted of the following (in thousands of Euro):

	2000	2001
Obligatory termination indemnities	7,938	7,874
Other termination indemnities	1,414	1,614
	9,352	9,488

18. Defined Contribution Plans

Saes Getters USA, Inc. ("Saes USA") has established the Saes Getters 401(k) Plan (the "Plan") which has been adopted by both of its wholly owned subsidiaries and also by its sister companies Trace Analytical, Inc., FST Consulting International, Inc. and Molecular Analytics, Inc.

Under the Plan provisions, eligible employees may contribute an amount up to 15% of their compensation on a pre-tax basis. Saes USA, its related subsidiaries and sister companies make matching contributions up to 4.0% of an employee's compensation. Saes USA, its related subsidiaries and sister companies can also make discretionary contributions to the Plan, which are allocated based on the employee's level of compensation. During 2000 and 2001, Saes USA and its related subsidiaries for the above contribution plans expensed approximately €400 thousand and €441 thousand, respectively.

Trace Analytical, Inc. has adopted the Saes Getters 401(k) plan. The expense related to the Plan for the years ended December 31, 2001 and 2000 was €44 thousand and €16 thousand, respectively. The contribution payable is included in accrued expenses in the Balance Sheet.

FST Consulting International, Inc. has adopted the Saes Getters 401(k) plan. The expense related to the Plan for the years ended December 31, 2001 and 2000 was €536 thousand and €142 thousand, respectively. The contribution payable is included in accrued expenses in the Balance Sheet.

Molecular Analytics, Inc. has joined the Saes Getters 401(k) Plan. The expense related to the Plan for the year ended December 31, 2001 was €55 thousand.

Effective August 1, 2001, Saes USA approved a non-qualified deferred compensation plan to provide specified benefits to a select group of management and highly compensated employees who contribute materially to the continued growth, development and future business success of the Company. This plan was subsequently adopted by both of its wholly owned subsidiaries and also its sister companies FST Consulting International, Inc. and Molecular Analytics, Inc. For each year, a participant may elect to defer a minimum annual deferral amount of $2,500. Participants are permitted to defer up to a maximum of 50% of their base annual salary and up to a maximum of 100% of their bonus, commissions and severance pay. Participants of this deferred compensation plan are 100% vested in their deferral amount. As of December 31, 2001, Saes USA and related subsidiaries have €30 thousand and €40 thousand included in the line "Other Assets" and "Long-Term Liabilities", respectively, related to this deferred compensation plan. As of December 31, 2001 FST Consulting International, Inc. has €3 thousand included in Liabilities related to this compensation plan. Molecular Analytics, Inc. expensed for the year ended December 31, 2001 the amount of €55 thousand.

19. Commitments and Contingencies

Commitments and contingencies as of December 31, 2000 and 2001 included guarantees made by the Group to third parties as well as commitments made to third parties (in thousands of Euro):

	2000	2001
Guarantees provided by the Group:		
Guarantees in favor of third parties	15,716	19,989
Total guarantees provided by the Group	15,716	19,989
Other off balance sheet items:		
Leased assets	9,824	9,745
Leasing obligations	4,322	2,544
Foreign exchange contracts	26,197	28,426

"Guarantees in favor of third parties" include guarantees issued by the Company for the benefit of the Company's subsidiaries located in Avezzano (Italy). The sum at December 31, 2000 and 2001 includes the guarantees issued by the Company (€6,192 thousand) for the construction of the site of Saes Advanced Technologies S.p.A. The amounts as of December 31, 2000 and 2001 also include contingencies owed to the VAT office (€6,002 thousand and €10,752 thousand as of December 31, 2000 and 2001, respectively). This item includes also the portion corresponding to the 35% of "guarantees in favor of joint-ventures" not resettable following the proportional line by line consolidation method.

"Leasing obligations" represent the total, inclusive of interest and the value of the final redemption, of finance leasing instalments to be paid to the leasing companies (Intesa Leasing S.p.A. €3,261 thousand and €2,165 thousand as of December 31, 2000 and 2001, respectively; Fime Leasing S.p.A. €760 thousand and €313 thousand as of December 31, 2000 and 2001, respectively). The remaining portion of €66 thousand as of December 31, 2001 is related to leasing agreements signed by Saes Getters Japan Co. LTD. The leasing agreement made by the Company with Intesa Leasing S.p.A. has duration of 8 years and relates to the office building and manufacturing plant in Lainate (Milan). The leasing contract with Fime Leasing S.p.A. mainly relates to the building of Saes Advanced Technologies S.p.A. in Avezzano (Italy) and has duration of 8 years.

"Foreign exchange contracts" as of December 31, 2001 and 2000 reflect the value of currency hedging operations entered into by Group companies to hedge sales from exchange risk of currencies fluctuation. See Note 24 "Financial Instruments – Foreign currency contracts".

20. Lease Commitments

The Group leases certain assets under long-term capital leases and has the option to purchase the facilities for a nominal cost at the termination of the leases. As permitted by Italian law, the costs of leased property, plant and equipment have not been capitalized at December 31, 2000 and 2001.

Future minimum payments for leases were as follows (in thousands of Euro):

Years ending December 31,	
2002	1,338
2003	1,206
Thereafter	-
Total minimum lease payments	2,544
Less: Amount representing interest	(290)
	2,254

In addition, the Group leases a manufacturing plant, offices, office equipment and vehicles under non-cancelable operating lease agreements which expire at various dates through fiscal year 2006. The approximate future lease payments under these leases for the five years immediately subsequent to December 31, 2001 and in aggregate are:

Years ending December 31,	
Less than one year	1,566
1-3 years	1,550
4-5 years	804
After 5 years	0
Total operating lease obligations	3,920

21. Shareholders' Equity

Capital Stock

On April 28, 2000, the Company's extraordinary meeting resolved to exchange the capital stock from Lire to Euro, in accordance with Italian Legislative Decree No. 213/1998. As a consequence of such resolution and of a capital increase to fix some rounding differences deriving from such exchange, the aggregate nominal value of the Company's stock is equal to €12,220,000 represented by a total of 23,500,000 shares, nominal value €0.52 each.

At a special meeting on May 11, 2000, holders of Preference Shares approved the resolution of the extraordinary shareholders meeting held on April 28, 2000 to exchange Preference Shares into Ordinary Shares at an exchange rate ratio of one Ordinary Share for one Preference Share. After such exchange, the Company's stock consists of 13,874,930 Ordinary Shares and 9,625,070 Savings Shares.

Savings Shares have voting rights at special meetings of holders of Savings Shares, and have no voting rights at ordinary or extraordinary meetings of shareholders. Holders of Savings Shares have the right to receive an annual preferential dividend of 25% of the nominal value of their Savings Shares. Such dividend right accumulates for a maximum of two successive years and must be paid to holders of the Savings Shares during such period to the extent that the Company pays any dividends, until fully paid. In the event that dividends are paid on Ordinary Shares, holders of Savings Shares have a preferential right to receive a dividend 3% greater (based on nominal value) than that received by holders of Ordinary Shares.

Italian law and the Company's by laws provide that the holders of Savings Shares have priority over holders of Ordinary Shares to distribution upon liquidation, up to the nominal value of their Savings Shares.

Shareholders' Equity Reserves

"Other reserves and retained earnings", in conformity with Italian law on consolidated accounts, comprise all components of shareholders' equity of the consolidated subsidiaries.

The legal reserve of the Company represents earnings restricted as to the payment of dividends pursuant to the Civil Code. Under the Civil Code, 5% of the Company's net income must be retained as a legal reserve until the reserve equals 20% of capital stock. The legal reserve of €3,617 thousand and €4,230 thousand at December 31, 2000 and 2001, respectively, represented mainly the legal reserves for the Group's Italian companies. This legal reserve can only be used to offset losses.

Under Italian law, paid in capital in excess of the aggregate nominal value of the Company's issued capital stock cannot be paid as a dividend if the legal reserve is not equal to 20% of the aggregate nominal value of the Company's issued capital stock.

The reserve for own shares on hand, amounting to €1,230 thousand at December 31, 2001, represents the cost of the own shares purchased during 2001.

Under Italian law, the purchase of the Company's own shares must be authorized from the shareholders meeting, which establishes the terms and conditions of issue. In any case the par value share purchased must not exceed the tenth part of the share capital.

22. Consolidated Statements of Income

Cost of Sales and Operating Expenses

The following items have been expensed in cost of sales and operating expenses during the years ended December 31, 1999, 2000 and 2001 (in thousands of Euro):

	1999	2000	2001
Amortization of intangible assets	3,631	4,209	4,188
Depreciation of tangible assets	7,449	8,783	9,695
Provision for doubtful accounts	64	281	809
Leasing and rental expenses	2,983	3,595	3,928

Non - Operating Income and Expenses

Financial income/expense in the consolidated statements of income for the years ended December 31, 1999, 2000 and 2001, consisted of the following (in thousands of Euro):

	1999	2000	2001
Interest and other financial income, net:			
Interest income	2,516	3,742	3,413
Other financial income	90	291	212
Interest expenses	(1,468)	(2,073)	(1,498)
Other financial expenses	(481)	(720)	(474)
Total interest and other financial income, net	657	1,240	1,653
Foreign exchange losses, net:			
Exchange gains	5,170	4,996	7,075
Exchange losses	(3,416)	(4,079)	(4,392)
Total foreign exchange losses, net	1,754	917	2,683

Other Income (Expenses), Net

The following table sets forth the main items included in "Other income (expenses), net" for the years ended December 31, 1999, 2000 and 2001 (in thousands of Euro):

	1999	2000	2001
Capital gain on the sale of a building located in Milan	-	1,276	-
Impairment of Molecular Analytics, Inc. goodwill	-	-	(2,512)
Impairment of Getters Corporation of America goodwill	-	-	(391)
Non-recurring costs associated with reduction of personnel	-	-	(1,479)
Non-recurring costs associated with inventory write-down	-	-	(368)
Non-recurring costs associated with fixed assets write-down	-	-	(570)
Deferred tax assets not recognized in prior years	104	-	-
Other, net	227	(208)	351
Other income (expenses), net	331	1,068	(4,969)

In December 2000 the Company sold a building of 6,514 square meters located in Milan, Italy, which was unutilized since 1996, generating a capital gain of €1,276 thousand.

In 2001, impairment charges of €2,512 thousand and €391 thousand, were recorded to write-down a portion of the goodwill attributable to Molecular Analytics, Inc. and Getters Corporation of America. During 2001, the restructuring plans realized by the Company, in both the Equipment Aggregate and the Components Aggregate, resulted in (i) non-recurring restructuring costs associated with reduction of personnel for an amount of €1,479 thousand, (ii) an inventory writedown of €368 thousand and (iii) a writedown of fixed assets for an amount equal to €570 thousand.

Income Taxes

Details of the income taxes for the years ended December 31, 1999, 2000 and 2001 are as follows (in thousands of Euro):

	1999	2000	2001
Income before taxes:			
Domestic	14,061	23,925	16,108
Foreign	2,363	13,157	256
Total income before taxes	16,424	37,082	16,364

	1999	2000	2001
Provision for income taxes:			
Current	4,967	11,665	6,490
Deferred	(825)	(1,081)	(4,085)
Utilization of NOL carryforwards	(270)	(743)	(127)
Total provision for income taxes	3,872	9,841	2,278

23. Reconciliation To Accounting Principles Generally Accepted in the United States of America

The Company's financial statements have been prepared in accordance with Italian GAAP, which differs in certain respects from U.S. GAAP. Differences that have an effect on consolidated net income and shareholders' equity are as follows:

Income Taxes

The charge for currently payable taxation is based on the amount estimated to be payable calculated on the basis of the tax legislation currently in force.

The effect of deferred taxation on temporary differences in reporting of income and expense items for financial accounting and tax purposes is accounted for using the full liability method.

As a result of the introduction of accounting principle No. 25 issued by the Italian National Professional Accounting Board, as from January 1, 1999 deferred tax assets and advance taxes relating to tax loss carry-forwards and temporary differences are also recognised to the extent that a reasonable certainty exists that future taxable income will be available against which they can be utilised. No taxes are provided in relation to the distribution of certain reserves within shareholder’s equity.

Under U.S. GAAP, income taxes are required to be accounted for in accordance with Statement of Financial Accounting Standards No. 109 (“SFAS 109”). Deferred income taxes are provided to reflect the net tax effects of temporary differences between the financial reporting and the tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws in each of the relevant jurisdictions. Deferred tax assets are reduced by a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The equalization tax, which required Italian companies to pay taxes upon distribution of certain untaxed equity reserves, was substantially abolished. Following these new rules, on January 1, 1998 a substitute tax of 2.2% or 5.6%, depending on the type of reserve was accrued. The Company's remaining untaxed reserves are subject to the IRPEG tax rate in force at the moment of distribution.

Revaluation of Fixed Assets

Under Italian GAAP, certain fixed assets were revalued by the Company to amounts in excess of historical cost. These revaluations, which were either authorized or required by Italian law, are permissible under Italian GAAP. Assets revalued under Italian GAAP are depreciated over their remaining useful lives based on their revalued cost.

U.S. GAAP does not permit the revaluation of such assets. Accordingly, the increases in shareholders' equity and the related increase in depreciation expense resulting from such revaluation have been reversed in the income statement reconciliation.

Valuation Allowance for Deferred Tax Assets

During 2001, under Italian GAAP, a valuation allowance was recognized against a deferred tax asset as it wasn't considered reasonably certain that it would be recovered in future years.

Under U.S. GAAP, a valuation allowance is not deemed necessary as it is more likely than not that the asset will be fully recovered in future years. This difference has been included in the reconciliation below as a part of the adjustment for deferred income taxes calculated on U.S. GAAP adjustments.

Intangible Assets

Some of the Group Companies have capitalized and deferred various costs which are not permitted to be capitalized under U.S. GAAP. These amounts include costs incurred for recruiting and personnel training, start up activities, indirect and general expenses related to the increase in capital stock and software costs. Accordingly, the effect of these differences has been included in the reconciliation.

Revenue Recognition

Under Italian GAAP, sales revenues are recognized upon transfer of physical ownership which usually takes place upon shipment of goods. Under U.S. GAAP, revenue is recognized when four characteristics of a sale are present. In general, (i) persuasive evidence of an arrangement must exist, (ii) delivery must occur or services must have been rendered, (iii) the seller's price must be fixed or determinable, and (iv) collectibility must be reasonably assured. The four criteria define at what point the earnings process is complete and, therefore, revenue can be recognized. For the Company, risk of loss, in some subsidiaries, passes upon delivery. As a result, for certain of the Company's sales, recognition of revenue under U.S. GAAP would be deferred until customer acceptance has occurred.

Income Statement Classification

During 2001, the Company accounted for non-recurring restructuring costs and the partial impairment of goodwill attributable to Molecular Analytics, Inc. and Getters Corporation of America in the line item "Other Income (Expenses), Net". Under U.S. GAAP, these items should be included in "Operating Income".

Under Italian GAAP, the Company accounted for the gain on the sale of its building in Milan in "Other Income" during 2000 (Note 22). Under U.S. GAAP, this item should be included in "Operating Income".

During 1999 and 1998, the Company accounted for deferred tax assets not recognized in prior years in Other Income (Note 22). Under U.S. GAAP, these items should be included in income tax expense.

Leasing

The Italian companies of the Group have entered into financing lease contracts. In accordance with Italian law, lease payments are charged to operations when incurred. Under U.S. GAAP, these leases qualify as capital leases under the provisions of Statement of Financial Accounting Standards No. 13 ("SFAS 13"). Accordingly, the effect of capitalizing leases has been included in the reconciliation.

Investments

Under Italian GAAP, marketable securities are stated at the lower of cost or market value. Under U.S. GAAP, investments are required to be accounted for in accordance with Statement of Financial Accounting Standards No. 115 ("SFAS 115"). This standard requires that investments be classified in one of three categories and accounted for as follows:

- "Held-to-Maturity", which are defined as debt securities that a company has the positive intent and ability to hold to maturity, are reported at amortized cost.

- "Trading", which are defined as those securities that are bought and held principally for the purpose of selling them in the near term, are reported at fair value with unrealized gains and losses included in earnings.

- "Available-for-Sale", which include securities not classified in either of the above categories, are reported at fair value with unrealized gains and losses excluded from earnings and included as a separate components of shareholders' equity.

The Company has classified its investments in marketable securities as Available-for-Sale. The Company does not have any trading securities. Accordingly, the effect of this treatment is included in the reconciliation.

Foreign Currency Transactions and Translations

Under Italian GAAP, accounts receivable and payable denominated in foreign currencies are reflected at the year-end exchange rates. The resulting gains and losses are recorded in the statement of income. An exception exists for long-term accounts receivable and payable. At period end, when the translation of all existing long-term accounts receivable and payable in foreign currency to local currency using rates of exchange existing at the financial statements date discloses a net gain, this is prudentially deferred by a provision booked in item "Accrued liabilities and deferred income".

Under U.S. GAAP, all exchange gains or losses arising from the restatement of foreign currency accounts receivable and payable are included in the determination of net income for the period. Accordingly, the reconciliation includes an adjustment to recognize unrealized long-term gains.

Capitalized Interest

Under Italian GAAP, interest is capitalized only if certain conditions are met in the self-construction of assets. Under U.S. GAAP, interest costs incurred to bring qualified assets to their intended use are capitalized. The reconciliation with U.S. GAAP does not include an adjustment because the amount of the capitalized interest computed in accordance with Statement of Financial Accounting Standards No. 34 ("SFAS 34") is immaterial.

Foreign Exchange Contracts

Under Italian GAAP, unrealized gains and losses on foreign exchange contracts are deferred and recognized in the income statement when the future sales and purchases are recognized. Under U.S. GAAP, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. In conjunction with SFAS 133, the Company would have to recognize all of the contracts at fair market value, with gains and losses recognized in current earnings as the documentation, designation and assessment of hedge effectiveness required by SFAS 133 was not deemed to be present. The reconciliation with U.S. GAAP does not include an adjustment because the amount to mark the contracts to market through the income statement is immaterial.

Sale-Leaseback

During 1994, the Company entered into a sale-leaseback agreement whereby it sold certain land and agreed to lease the land and building that was being constructed on it by the buyer, for a period of eight years.

The Company has an option to purchase the land and building at the end of the lease term at a price equal to one percent of the cost of both the land and building. The gain on the sale was immaterial. As of December 31, 2001, remaining payments under the lease amounted to €2,165 thousand. The Company had made an original advance payment of €516 thousands which has been classified within prepaid expenses and is being amortized over the lease term. As described above, under Italian GAAP, finance lease payments are charged to operations when incurred. Under U.S. GAAP this transaction did not qualify for sale-leaseback accounting. Therefore it has been accounted for as a financing and included in the reconciliation below as a part of the capital lease adjustment.

Proportional consolidation

Under Italian GAAP, the Company is allowed to proportionally consolidate a subsidiary based upon its percentage of ownership within that company. Under U.S. GAAP, the Company would show the net assets of the percentage of the company it owns as one line item within the balance sheet. There would be no difference in the Profit and Loss or equity positions.

The following table sets forth summarized pro rata (65%) information related to Nanjing Saes Huadong Getters Co. Ltd. (in thousands of Euro):

	1999	2000	2001
Balance Sheets:			
Current assets	3,146	4,209	4,537
Non current assets	10,456	10,385	10,020
Current liabilities	1,544	1,753	1,362
Long term liabilities	3,953	2,794	2,065
Shareholders' equity	8,105	10,047	11,130

	1999	2000	2001
Income Statements:			
Net sales	4,857	6,988	5,675
Gross profit	1,654	2,798	2,160
Operating income	822	1,686	1,064
Net income	506	1,321	863

Treasury stock

The Group has accounted for treasury stock as an investment in accordance with Italian GAAP. This treatment differs from U.S. GAAP, which requires that the par value of the stock be deducted from the capital stock account. Also, the excess of the cost over par value must be charged entirely to retained earnings, allocated between retained earnings and paid-in capital or entirely to additional paid in capital.

Earnings per Share

Under Italian GAAP, earnings per share is not a required disclosure. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"), which is required to be adopted for all financial statements issued for periods ending after December 15, 1997. SFAS 128 redefines the principles for calculating earnings per share ("EPS") and requires presentation of Basic EPS and Diluted EPS for those entities with complex capital structures. SFAS 128 also requires that all prior period earnings per share data presented with the current year's data are restated in accordance with the new provisions. Considering the non-complex capital structure of the Company, the adoption of SFAS 128 had no effect upon the current year's or the prior year's earnings per share data.

Adjustments to Net Income and Shareholders' Equity

The following table summarizes the aforementioned adjustments to net income for the years ended December 31, 1999, 2000 and 2001 and to shareholders' equity as of December 31, 1999, 2000 and 2001 that would be required under U.S. GAAP.

NET INCOME

(In thousands of Euro, except share data)	Year ended December 31,		
	1999	**2000**	**2001**
Net income under Italian GAAP	12,552	27,241	14,086
Adjustments required under U.S. GAAP:			
Revaluation of certain assets	19	983	370
Intangible assets, net of the related amortization expense	1,284	1,246	235
Capital leases	742	877	904
Foreign exchange gains (losses)	386	(482)	-
Revenue recognition	-	(409)	(118)
Deferred income taxes:			
Calculated on U.S. GAAP adjustments	(869)	(804)	1,618
SFAS 109 application	-	(283)	-
Net adjustments	1,562	1,128	3,009
Net income under U.S. GAAP before cumulative effect of accounting change	14,114	28,369	17,095
Cumulative effect of accounting change due to SAB 101	-	287	-
Net income under U.S. GAAP after cumulative effect of accounting change	14,114	28,656	17,095

Basic earnings per share amounts under U.S. GAAP before cumulative effect of accounting change:			
Per Ordinary Share	0.5939	1.2008	0.7211
Per Preference Share (1)	0.6043	-	-
Per Savings Share	0.6094	1.2163	0.7367
Per ADS (2)	0.6094	1.2163	0.7367
Basic earnings per share amounts under U.S. GAAP:			
Per Ordinary Share	0.5939	1.2132	0.7211
Per Preference Share (1)	0.6043	-	-
Per Savings Share	0.6094	1.2287	0.7367
Per ADS (2)	0.6094	1.2287	0.7367

(1) At a special meeting on May 11, 2000 holders of Preference Shares approved the resolution of the extraordinary shareholders meeting held on April 28, 2000 to exchange Preference Shares into Ordinary Shares at an exchange rate ratio of one Ordinary Share for one Preference Share. After such exchange the Company's stock consists of 13,874,930 Ordinary Shares and 9,625,070 Savings Shares.

(2) Prepared solely for the convenience of the reader. ADSs representing Savings Shares were issued in connection with the offering of Savings Shares in 1996. Each ADS represents one Savings Share.

The approximate earnings per share amounts have been calculated using the two-class method due to Ordinary, Preference and Savings Shares being outstanding. Under this method, net income remaining after dividends required to be allocated to Ordinary, Preference and Savings Shares is divided by the weighted average number of Ordinary, Preference and Savings Shares outstanding. For the purposes of these calculations the weighted average number of shares was 23,500,000 as of December 31, 1999, 2000 and 2001. The Savings Shares and the Preference Shares are participating shares.

Effective January 1, 2000, the Company adopted the provisions of the Securities and Exchange Commissions' Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101") for its U.S. GAAP reporting. SAB 101 provides guidance on the financial reporting of revenue recognition and requires that revenue can only be recognized when four criteria are met. These criteria, in general, are (i) persuasive evidence of an arrangement must exist, (ii) delivery must occur or services must have been rendered, (iii) the seller's price must be fixed or determinable, and (iv) collectibility must be reasonably assured. As of December 31, 2000 the total amount of revenue reported as a cumulative effect of a change in accounting principle was €287 thousand, net of tax benefits of €112 thousand. This new accounting requirement would not have had a significant effect on previous year's net income, if this accounting change had been applied previously.

OTHER COMPREHENSIVE INCOME

Other comprehensive income items under U.S. GAAP for the years ended December 31, 1999, 2000 and 2001 consisted of the following (in thousands of Euro):

	December 31,		
	1999	**2000**	**2001**
Net income (loss) under U.S. GAAP	14,114	28,656	17,095
Currency translation adjustment	7,161	1,113	2,206
Marketable securities	19	(88)	(153)
Total other comprehensive income before taxes	21,294	29,681	19,148
Income taxes	(46)	(58)	46
Total other comprehensive income under U.S. GAAP	21,248	29,623	19,194

SHAREHOLDERS' EQUITY

(In thousands of Euro)	December 31,		
	1999	**2000**	**2001**
Shareholders' equity under Italian GAAP	145,746	171,028	177,460
Adjustments required under U.S. GAAP:			
Revaluations of certain assets, net of accumulated depreciation of €1,367 thousand, €1,611thousand and €1,961 thousand in 1999, 2000 and 2001, respectively	(1,002)	(2,106)	(1,736)
Intangible assets, net of related accumulated amortization of €5,094 thousand, €6,340 thousand and €6,575 thousand in 1999, 2000 and 2001, respectively	(1,803)	(558)	(323)
Capital leases	2,308	3,186	4,088
Unrealized gains on marketable securities	384	296	143
Unrealized foreign exchange gains (losses)	482	-	-
Revenue recognition	-	(409)	(527)
Treasury stock recorded as an asset	-	-	(1,230)
Deferred income taxes:			
Calculated on U.S. GAAP adjustments	(298)	(753)	911
SFAS 109 application	(948)	(1,230)	(1,230)
Net adjustments	(877)	(1,574)	96
Shareholders' equity under U.S. GAAP	144,869	169,454	177,556

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to realizability and depreciable lives of fixed assets and intangible assets, allowance for doubtful accounts, inventory obsolescence and deferred taxes. Actual results could differ from these estimates.

Fair Value of Financial Instruments

Carrying amounts for cash and cash equivalents, accounts receivable and other financial instruments approximate fair value due to their short maturities. Based upon borrowing rates currently available to the Group for loans with similar terms, the carrying value of capital lease obligations and long-term debt approximate fair value.

Marketable securities

Maturities of the marketable securities held as of December 31, 2000 and 2001 (in thousands of Euro):

	2000	**2001**
Less than 1 year	5,990	3,161
Between 1 and 2 years	542	-
Between 2 and 3 years	-	-
Between 3 and 4 years	6,190	6,209
More than 4 years	-	-
Total	12,722	9,370

Marketable securities Available-for-Sale as of December 31, 2000 included the following (in thousands of Euro):

	Cost	**Unrealized Gains**	**Fair Value**
BAT International, Euro bond, face value Euro 1,035,000, interest at 4.25%, due April 14, 2004	974	21	994
Bayer. Vereins, Eurolire bond, face value Lit. 500 million, interest rate at 8.5%, due August 2, 2001	263	-	263
BNL, Euro Bond, face value Euro 2,580,000, interest rate at 3 months Eurolibor + 0.19%, due March 31, 2004	2,563	11	2,574
Council of Europe, Eurolire bond, face value Lit. 2,300 million, interest rate at 7.5%, due November 25, 2001	1,209	4	1,213
Dresdner Bank, Eurolire bond, face value Lit. 200 million, interest at 7.4%, due December 3, 2001	103	2	105
European Investments Bank, Eurolire bond, face value Lit. 1,300 million, interest at 9.6%, due January 26, 2001	673	-	673
FLI, San Paolo Investment Fund, number of quotas: 86,855.364, total acquisition value Euro 516,457	516	17	533
OBT, San Paolo Investment Fund, number of quotas: 349,162.92, total acquisition value Euro 2,065,829	2,066	80	2,146
OLIVETTI FIN, Euro bond, face value Euro 2,580,000, interest at 3 months Eurolibor + 1.85%, due June 23, 2004	2,622	-	2,622
World Bank, U.S. Dollar bonds, face value of $500,000, interest at 6.75%, due January 16, 2002	381	161	542
Other	1,056	-	1,057
Total	12,426	296	12,722

Marketable securities Available-for-Sale as of December 31, 2001 included the following (in thousands of Euro):

	Cost	**Unrealized Gains**	**Fair Value**
BAT International, Euro bond, face value Euro 1,035,000, interest at 4.25%, due April 14, 2004	987	45	1,032

BNL, Euro Bond, face value Euro 2,580,000, interest rate at 3 months Eurolibor + 0.19%, due March 31, 2004	2,574	2	2,576
FLI, San Paolo Investment Fund, number of quotas: 86,855.364, total acquisition value Euro 516,457	516	42	558
OBT, San Paolo Investment Fund, number of quotas: 349,162.92, total acquisition value Euro 2,065,829	2,167	54	2,221
OLIVETTI FIN, Euro bond, face value Euro 2,580,000, interest at 3 months Eurolibor + 1.85%, due June 23, 2004	2,601	-	2,601
Other	382	-	382
Total	9,227	143	9,370

Income taxes

The deferred tax balances under U.S. GAAP as of December 31, 2000 and 2001 are as follows (in thousands of Euro):

	2000	2001
Italian GAAP financial statements	4,856	8,530
U.S. GAAP adjustments	(753)	911
SFAS 109 adjustments	(1,230)	(1,230)
Net deferred tax assets	2,873	8,211

The deferred tax balances under U.S. GAAP as of December 31, 2000 and 2001 are as follows (in thousands of Euro):

	2000	2001
Current deferred tax assets (liabilities):		
Intercompany profit on inventory and fixed assets	1,375	1,830
Inventory reserve	570	684
Bad debt reserve	(139)	291
Exchange differences	74	5
Revenue recognition	115	213
Other	103	200
Total net current deferred tax assets	2,098	3,223
Non-current deferred tax assets (liabilities):		
Net operating losses	1,553	3,397
Revaluation of fixed assets	919	984
Accelerated depreciation	7	1,500
Undistributed earnings	(1,230)	(1,230)
Write-off of intangibles	227	1,330
Capital leases	(1,314)	(1,386)
Employee compensation	1,125	1,421
Other	(231)	(234)
Total net non-current deferred tax assets (liabilities)	1,056	5,782
Net deferred tax assets	3,154	9,005
Valuation allowance	(281)	(794)
Total net deferred tax assets	2,873	8,211

Based on an evaluation of current profitability, expectations of future market conditions and operating performance and tax planning strategies, management determined that a partial valuation allowance was required.

As of December 31, 2000 and 2001, the Group had estimated tax loss carryforwards amounting to €3,883 thousand and €9,526 thousand, respectively. As of December 31, 2001 net operating loss ("NOL's") carryforwards relate to Saes Getters USA, Inc., Trace Analytical, Inc, Molecular Analytics, Inc., Saes Getters International

Luxembourg S.A. and Saes Getters Singapore Pte Ltd. NOL's amounting to €399 thousand are subject to examination by tax authorities and may be used only to the extent of approximately €126 thousand per year and expire in 2006. The major portion of the remaining NOL's does not begin to expire until the year 2018.

Income before taxes under U.S. GAAP:

	2000	**2001**
Domestic	26,446	17,487
Foreign	13,136	268
Total	39,582	17,755

The 2000 provision for income taxes under U.S. GAAP consists of the following (in thousands of Euro):

	Domestic	**Foreign**	**Total**
Current	7,181	4,484	11,665
Deferred	459	(455)	4
Utilization of NOL carryforwards	-	(743)	(743)
Total	7,640	3,286	10,926

The 2001 provision for income taxes under U.S. GAAP consists of the following (in thousands of Euro):

	Domestic	**Foreign**	**Total**
Current	3,172	3,318	6,490
Deferred	(1,385)	(4,318)	(5,703)
Utilisation of NOL carryforwards	-	(127)	(127)
Total	1,787	(1,127)	660

The following table sets out the reconciliation between the effective tax rate for U.S. GAAP purposes and the statutory tax rate in Italy:

	2000	**2001**
Statutory tax rate in Italy	41.2%	40.2%
Effect of different statutory rates applicable to operating subsidiaries	13.7	17.1
Capital investment benefits	(19.4)	(31.6)
Non-deductible expenses	6.9	3.9
Taxes on dividends	(2.4)	(13.8)
Tax exemptions – Italy	(10.1)	(9.2)
Other	(2.1)	(2.9)
Effective tax rate for U.S. GAAP	27.8%	3.7%

Recent Accounting Pronouncements

Business Combinations

In June 2001, the Financial Accounting Standards Board "FASB" issued SFAS No. 141, "Business Combinations" ("SFAS 141") which supersedes APB Opinion No. 16, "Business Combinations", and amends or supersedes a number of related interpretations of APB 16. SFAS 141 addresses financial accounting and reporting for business combinations and requires that all business combinations within scope of SFAS 141 be accounted for using only the purchase method and changes the criteria to recognize intangible assets apart from goodwill. SFAS 141 is required to be adopted for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method that are completed after June 30, 2001. Management has assessed the impact of the adoption of SFAS 141 on its consolidated financial statements and believes the impact will not be material.

Goodwill and Other Intangible Assets

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") which supersedes APB Opinion No. 17, "Intangible Assets". SFAS 142 addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. SFAS 142 also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. In particular, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually, or more frequently if impairment indicators arise, for impairment. Goodwill and intangible assets with indefinite useful lives will no longer be tested for impairment under SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". The provisions of SFAS 142 are required to be applied starting with fiscal years beginning after December 15, 2001. SFAS 142 is required to be applied at the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. For the Company, the effective date would be the fiscal year beginning January 1, 2002.

As of December 31, 2001, the carrying value of the Company's goodwill was €11,412 thousand and will be subject to the transition provisions of SFAS 142. The Company recorded goodwill amortization expense of €1,936 thousand and €1,494 thousand during 2001 and 2000, respectively. As of January 1, 2002, the Company's goodwill will no longer be amortized under U.S. GAAP. In the fourth quarter of 2001, the Company recorded impairment charges of €2,903 thousand based on the excess of the goodwill's carrying value over the fair value. The Company is currently evaluating the impact of SFAS 142 on the consolidated financial statements, but does not believe the implementation will have a material impact.

Accounting for Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations", which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of the asset. SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. The liability is accreted at the end of each period through charges to operating expense. If the obligation is settled for other than the carrying amount of the liability, the Company will recognize a gain or loss on settlement. For the Company, the effective date of SFAS 143 would be the fiscal year beginning January 1, 2003. The Company has not yet assessed the impact of the adoption of this new standard.

Accounting for the Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 retains the current requirement to recognize an impairment loss only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows. However, goodwill is no longer required to be allocated to these long-lived assets when determining their carrying amounts. SFAS 144 requires that a long-lived asset to be abandoned, exchanged for a similar productive asset, or distributed to owners in a spin-off be considered held and used until it is disposed. SFAS 144 requires the depreciable life of an asset to be abandoned to be revised. SFAS 144 requires all long-lived assets to be disposed of by sale be recorded at the lower of its carrying amount or fair value less cost to sell and to cease depreciation (amortization). Future operating losses are no longer recognized before they occur. For the Company, the effective date of SFAS 144 would be the fiscal year beginning January 1, 2002. Management has assessed the impact of the adoption of SFAS 144 on its consolidated financial statements and believes the impact will not be material.

24. Financial Instruments

Concentrations of credit risk

The Company performs ongoing credit evaluations of its customers' financial condition and, generally, does not require collateral from its customers. Sales to the Company's top ten customers accounted for approximately 47%, 43% and 49% of the Company's sales at December 31, 1999, 2000 and 2001, respectively.

LG.Philips Displays, the Group's largest customer, accounted for 9.6% of the Group's total sales in 2001. In 1999 and 2000, the largest customer was Philips (prior to the creation of the joint venture LG.Philips Displays by LG Electronics and Philips) accounting for 10.5% and 7.5% of the Group's total sales, respectively.

Foreign currency contracts

During the first quarter of 1999, the Group entered in foreign exchange contracts to hedge 461 million of sales in Japanese Yen (€3,616 thousand) and 12.3 million of sales in Dollars (€10,723 thousand). In addition, in December 1999 the Group's Italian companies entered into foreign exchange contracts to hedge current accounts receivables and a portion of 2000 sales denominated in Japanese Yen and in Dollars. The total amount hedged was Japanese Yen 1,185 million (€11,564 thousand) and $14,988,000 (€14,529 thousand).

In September 2000 the Group's Italian companies entered into foreign exchange contracts to hedge current accounts receivable and a portion of 2000 and 2001 sales denominated in Japanese Yen and in Dollars. In 2000, the total amount hedged was Japanese Yen 884 million (€9,767 thousand) and $14.4 million (€16,430 thousand).

In the first four months of 2001, the Group entered in foreign exchange contracts to hedge 7.5 million of sales in Dollars (€8,367 thousand). In addition, in the last quarter of 2001, the Group's companies entered into foreign exchange contracts to hedge current accounts receivable and a portion of 2001 and 2002 sales denominated in Dollars. The total amount hedged was $25 million (€28,426 thousand).

In the first quarter of 2002, the Group entered in foreign exchange contracts to hedge 5.5 million of 2002 sales in Dollars (€6,433 thousand).

25. Segment Information

The following tables summarize the divisional and geographic financial information (on an Italian GAAP basis) as presented to and used by the Company's management in the decision making process (in thousands of Euro). During analysis of the business segments, asset information is not considered.

	Components Aggregate	Equipment Aggregate	Other	Total
1999				
Net sales………………………………………….	87,446	28,061	203	115,710
Gross profit (1)…………………………………...	46,178	8,887	23	55,088
Operating income (loss) (1)……………………....	22,811	(9,123)	(34)	13,654
2000				
Net sales…………………………………………	112,114	60,152	286	172,552
Gross profit (1)…………………………………..	61,061	23,024	111	84,196
Operating income (loss) (1)………………………	34,745	(965)	63	33,843
2001				
Net sales…………………………………………	94,696	65,209	264	160,169
Gross profit (1)………………………………….	49,176	25,304	95	74,575
Operating income (loss) (1)……………………....	22,110	(5,210)	58	16,958

(1) The total gross profit and operating income for each year, as reported above, tie directly to the face of the consolidated statements of income. As a consequence no reconciliation of the reported gross profit and operating income to net earnings has been included in this section.

	Europe			Asia			
	Italy	Other countries	United States of America	Japan	Other countries	Eliminations	Consolidated
1999							
Sales to unaffiliated customers (1)	16,714	13,347	33,938	23,967	27,744	-	115,710
Intersegment sales (2)…………….	43,685	654	12,221	287	2,152	(58,999)	-
Total sales.........…………….	60,399	14,001	46,159	24,254	29,896	(58,999)	115,710
Operating income (loss)…………..	9,206	(315)	(1,208)	514	5,801	(344)	13,654
Total assets.....…………………….	146,612	66,811	47,801	11,893	34,905	(104,347)	203,675
2000							
Sales to unaffiliated customers (1)	18,926	16,412	59,660	31,067	46,487	-	172,552
Intersegment sales (2)…………….	56,177	751	21,389	482	4,737	(83,536)	-
Total sales.........…………….	75,103	17,163	81,049	31,549	51,224	(83,536)	172,552
Operating income (loss)...…………	16,373	528	5,667	1,139	10,669	(533)	33,843
Total assets.....…………………….	167,773	73,542	71,820	11,771	44,281	(123,955)	245,232
2001							
Sales to unaffiliated customers (1)	14,429	21,159	54,706	23,749	46,126	-	160,169
Intersegment sales (2)…………….	46,063	1,368	27,755	463	2,696	(78,345)	-
Total sales.........…………….	60,492	22,527	82,461	24,212	48,822	(78,345)	160,169
Operating income (loss)…………	2,543	807	2,949	125	9,528	1,006	16,958
Total assets.....…………………….	168,792	76,416	65,083	9,598	50,161	(121,908)	248,142

(1) Sales to unaffiliated customers comprise sales by Group companies from that geographic segment.
(2) Intersegment sales include sales to Group companies located in other geographic areas. Intersegment sales are generally priced at cost plus an appropriate mark-up for profit.

Export sales to unaffiliated customers from the Company's domestic operations in Italy amounted to 11%, 8% and 8% of consolidated sales in 1999, 2000 and 2001 as follows (in thousands of Euro):

	Europe	United States of America	Asia	Other countries	Consolidation
1999					
Export sales to unaffiliated customers.........…	6,377	42	5,193	914	12,526
2000					
Export sales to unaffiliated customers.........…	7,142	55	5,153	1,399	13,749
2001					
Export sales to unaffiliated customers.........…	5,896	22	5,370	1,280	12,568

26. Legal Proceedings

In December 2001, the Company filed a complaint in the Federal District Court of Northern California against Aeronex, Inc., a manufacturer of purification solutions, alleging that Aeronex infringed upon the Company's U.S. patent No. 5,716,588 which broadly claims ammonia purification systems and processes utilizing iron-manganese getter materials. In April 2002, the Company amended the complaint to include claims that Aeronex also engaged in unfair competition and false advertising with respect to its marketing practices in connection with the infringing products and processes. The Company believes that the action will not have any material adverse affect on its business or prospects.

Other than as disclosed in this annual report, there are no other current or pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their assets or properties is subject which, either individually or in the aggregate, are expected by the Company to have a material adverse effect on its consolidated financial position, liquidity or results of operations.

27. Subsequent Events

With effect January 1, 2002, Saes Metallurgia S.p.A., based in Avezzano, L'Aquila (Italy) was merged and incorporated into Saes Advanced Technologies S.p.A. which is also located in Avezzano. The Company believes that this merger will produce a more effective and efficient management of the Group's industrial activities based in Avezzano, where only one subsidiary is now located.

On January 30, 2002, a new manufacturing facility operated by the Group's subsidiary Saes Getters Technical Service (Shanghai) Co Ltd., located in Zhang Jiang Hi Tech Park, Pudong, Shanghai (People's Republic of China) was inaugurated. The investment made by the Group with respect to the construction of the facility totalled $5.4 million. The new plant, which is built on a plot of 6,600 sq. meters, will be used for the manufacture of ultra high purity products. Saes Getters Technical Service (Shanghai) Co Ltd. will also continue performing quality assurance, quality control, and analytical services for high-to-medium technology industries, especially in the semiconductor field. In the first quarter of 2002 the Company's Shanghai Representative Office was moved to the new facility located in Zhang Jiang Hi Tech Park.

During the first quarter of 2002 the construction of a new office building located in Lainate, Milan (Italy) was substantially completed. The new building includes the offices of the Corporate Management Committee, Commercial Department offices and certain other technical and operations offices.

The Group is currently implementing a restructuring plan in connection with the Display Devices Business Area of the Components Aggregate, whereby the Group plans to transfer the getter production conducted by Getters Corporation of America, in Cleveland, Ohio, USA, to the more technologically advanced factory located in Lainate, Milan, Italy factory. The Company will continue to reduce the number of personnel located at the U.S. subsidiary (by approximately 60 employees in the first half of 2002). It is contemplated that only personnel involved in production activities related to the manufacture of getters for the lamp market and in the start-up of certain new production lines will continue to be employed in the Group's existing plant in Cleveland.

In October 2001, the Company announced a restructuring plan with respect to the Analytical Technologies Business Area of the Equipment Aggregate, where the Company plans to integrate the Group's production activities relating to analyzers. Pursuant to the plan, in December 2001, Trace Analytical, which was previously based in Menlo Park, California (USA), together with its laboratory located in West Palm Beach, Florida (USA) were moved to a new production facility located in Sparks, Maryland (USA), headquarters of Molecular Analytics. The restructuring resulted in a reduction of approximately 20 employees and is aimed at improving efficiencies and technological synergies. In addition, control and relationships between the headquarters and a single location will be easier. During the course of 2002, the Company also plans to move the analytical systems business activities of Saes Pure Gas, Inc., San Luis Obispo, California, to the same location in Sparks, Maryland. Effective as of April 1, 2002, Molecular Analytics, Inc. merged into Trace Analytical, Inc. The surviving entity changed its name into Molecular Analytics, Inc. The Company believes that this merger will produce a more effective and efficient management of the activities based in Sparks, Maryland (USA).

During the first quarter 2002, an application of merger through incorporation of Saes Getters Finance S.A. in Saes Getters International Luxembourg S.A. was filed. The application was approved at the general shareholders meeting of the respective Luxembourg subsidiaries in April 2002. The Company believes that this merger, through the surviving entity, Saes Getters International Luxembourg S.A., will produce a more efficient management of the activities based in Luxembourg.

The Company is currently considering further acquisitions, joint ventures or other strategic investments, although the Company currently has no arrangements, understandings or agreements with respect to any such acquisitions, joint ventures or investments.

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2001 USING THE LINE-BY-LINE METHOD

Company and registered offices [1]	Activity	Capital Stock Currency	Capital Stock Amount	% Ownership Direct	% Ownership Indirect
Directly-controlled subsidiaries:					
Saes Metallurgia S.p.A. Avezzano (L'Aquila – Italy)	Manufacturing and commercial	Euro	364,000	100.00	-
Saes Advanced Technologies S.p.A. Avezzano (L'Aquila - Italy)	Manufacturing and commercial	Euro	2,600,000	100.00	-
Saes Getters Usa, Inc. Colorado Springs (Colorado - U.S.A.)	Manufacturing and commercial	U.S. $	9,250,000	100.00	-
Saes Getters Japan Co. Ltd. Shinagawa - Tokyo (Japan)	Commercial	Yen	20,000,000	100.00	-
Saes Getters (GB) Ltd. Daventry (UK)	Commercial	GBP	20,000	100.00	-
Saes Getters (Deutschland) GmbH Cologne (Germany)	Commercial	Euro	52,000	100.00	-
Saes Getters France S.a.r.l. Paris (France)	Commercial	Euro	50,000	100.00	-
Saes Getters Singapore Pte Ltd. Singapore	Commercial	Sing. $	300,000	100.00	-
Saes Getters Finance S.A. Luxembourg	Financial	Euro	44,720,000	99.90	0.10
Saes Getters International Luxembourg S.A. Luxembourg	Financial and Coordination services	Euro	11,960,000	90.00	10.00
Indirectly-controlled subsidiaries:					
Through Saes Getters Usa, Inc.:					
Getters Corporation of America Cleveland (Ohio - U.S.A.) *See note 1.*	Manufacturing and commercial	U.S. $	3,555,490	-	100.00
Saes Pure Gas, Inc. San Luis Obispo (California - U.S.A.)	Manufacturing and commercial	U.S. $	7,612,661	-	100.00
Through Saes Getters International Luxembourg S.A.:					
Saes Getters Korea Corporation Seoul (Korea)	Manufacturing and commercial	Won	5,497,900,000	37.48	62.52
Saes Getters Technical Service (Shanghai) Co.,Ltd. Shanghai (People's Republic of China)	Consulting services	U.S. $	4,100,000	-	100.00
Trace Analytical, Inc. Sparks (Maryland - U.S.A.)	Manufacturing and commercial	U.S. $	4,000,000	-	100.00
Molecular Analytics, Inc. Sparks (Maryland - U.S.A.)	Manufacturing and commercial	U.S. $	8,000,000	-	100.00
FST Consulting International, Inc. San Luis Obispo (California - U.S.A.)	Quality control/Quality Assurance services	U.S. $	3,000,000	-	100.00

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2001 USING THE PROPORTIONAL METHOD

Company and registered offices [1]	Activity	Capital Stock Currency	Capital Stock Amount	% Ownership Direct	% Ownership Indirect
Direct associated companies:					
Nanjing Saes Huadong Getters Co. Ltd. Nanjing (People's Republic of China)	Manufacturing and commercial	U.S. $	13,570,000	65.00	-

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2001 USING THE EQUITY METHOD

Company and registered offices [1]	Activity	Capital Stock Currency	Capital Stock Amount	% Ownership Direct	% Ownership Indirect
Indirect associated companies:					
Through Saes Getters Japan Co. Ltd.:					
Japan Getters Inc. Tokyo (Japan)	Commercial	Yen	120,000,000	-	50.00

[1] The place of registered offices is generally the same of the place of incorporation, except for Getters Corporation of America, which was incorporated under Delaware law.