

W&T OFFSHORE INC

Form 4

December 17, 2015

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Vazquez Jamie L

(Last) (First) (Middle)

NINE GREENWAY PLAZA,
SUITE 300

(Street)

HOUSTON, TX 77046

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
W&T OFFSHORE INC [WTI]

3. Date of Earliest Transaction
(Month/Day/Year)
12/15/2015

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title below) ____ Other (specify
below) below)

President

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
COMMON STOCK	12/15/2015		M	104,464	\$ 0	408,815	D
COMMON STOCK	12/15/2015		F	28,571	\$ 2.82	380,244	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
number.**

SEC 1474
(9-02)

Edgar Filing: W&T OFFSHORE INC - Form 4

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
RESTRICTED STOCK UNITS	(2)	12/15/2015		M	104,464	(1) (1)	Common Stock 104,4

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Vazquez Jamie L
NINE GREENWAY PLAZA, SUITE 300
HOUSTON, TX 77046

President

Signatures

/s/ By Thomas F. Getten, attorney-in-fact for Jamie L. Vazquez

12/17/2015

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On December 15, 2015, reporting person's 104,464 restricted stock units, which were granted on June 10, 2013, vested, and the reporting person received 104,464 shares of WTI common stock.
- (2) Each restricted stock unit represents a contingent right to receive one share of WTI stock or its cash equivalent, as determined at the time of settlement by WTI.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. rived from ADE's unaudited consolidated financial statements. The unaudited financial statements have been prepared on the same basis as the audited financial statements and include all normal recurring adjustments considered necessary to present fairly this information when read in conjunction with ADE's annual audited financial statements and related notes appearing elsewhere in this annual report. Our quarterly operating results have varied and may continue to vary significantly. Our quarterly revenue typically is derived from a relatively small number of customer orders. These customer orders may consist of multiple systems, each of which are priced between approximately \$100,000 and \$750,000. As a result, the timing of significant orders or a reduction in the number of systems shipped in a quarter could have a material effect on our revenue and results of operations for that quarter. The results for a particular quarter may also vary due to a number of other factors, including: - Economic conditions in the semiconductor and data storage industries - Product mix of our sales for the period - The sales distribution channel of our sales for the period - Competitive pricing pressures - Our ability to design, introduce and

manufacture new products on a cost effective and timely basis - Customer cancellations or rescheduled shipments - Production difficulties or the inability to obtain critical components resulting in delayed shipments - Seasonal factors such as customers' capital budget approval cycles. These factors could have a material adverse effect on our results of operations. Significant levels of our expenses are fixed in advance and based in part on our expectations as to future revenue. As a consequence, any material shortfall in revenue in a given quarter could have a material adverse effect on our earnings. 20 QUARTER ENDED ----- JULY

	31, OCT.	31, JAN.	31, APRIL	30, JULY	31, OCT.	31, JAN.	31, APRIL	30, 1999	1999	2000	2000	2000(1)	2000(1)	
2001(1) 2001 -----														
(IN THOUSANDS, EXCEPT PER SHARE DATA) STATEMENT OF OPERATONS DATA: Revenue.....														
	\$ 12,362	\$ 13,625	\$ 16,576	\$ 19,943	\$ 21,387	\$ 23,671	\$ 28,223	\$ 26,902	Cost of revenue.....	7,249	8,904	9,225	10,097	
	11,111	11,966	14,243	12,917	-----	Gross profit.....	5,113	4,721	7,351	9,846	10,276	11,705	13,980	
	13,985	-----	Operating expenses:	Research and development.....	5,556	4,571	5,411	6,346	5,154	5,176	5,731	6,521	Marketing and sales.....	
	2,717	3,367	3,134	3,784	4,262	4,284	3,508	4,165	General and administrative.....	3,560	2,877	2,964	2,880	
	2,228	2,624	3,203	1,893	-----	Total operating expenses.....	11,833	10,815	11,509	13,010	11,644	12,084	12,442	
	12,579	-----	Income	(loss) from operations.....	(6,720)	(6,094)	(4,158)	(3,164)	(1,368)	(379)	1,538	1,406	Interest and other income	
	(expense), net.....	149	374	318	439	340	326	281	183	-----	Income (loss) before provision for (benefit from) income taxes, equity in net earnings (loss) of affiliated companies and cumulative effect of change in accounting principle.....	(6,571)	(5,720)	
	(3,840)	(2,725)	(1,028)	(53)	1,819	1,589	Provision for (benefit from) income taxes.....	--	--	--	102	--	64	
	47	(74)	-----	Income (loss) before equity in net earnings (loss) of affiliated companies and cumulative effect of change in accounting principle.....	(6,571)	(5,720)	(3,840)	(2,827)	(1,028)	(117)	1,772	1,663	Equity in net earnings (loss) of affiliated companies.....	
	(614)	(149)	(676)	(50)	(722)	304	(61)	482	-----	Income (loss) before cumulative effect of change in accounting principle... (7,185)	(5,869)	(4,516)	(2,877)	
	(1,750)	187	1,711	2,145	Cumulative effect of change in accounting principle, net of \$0 tax.....	--	--	--	(1,785)	-----	Net Income (loss).....	\$ (7,185)	\$ (5,869)	
	\$ (4,516)	\$ (2,877)	\$ (3,535)	\$ 187	\$ 1,711	\$ 2,145	=====	Net earnings (loss) per share: Basic Earnings (loss) before cumulative effect of change in accounting principle.....	\$ (0.54)	\$ (0.44)	\$ (0.34)	\$ (0.21)	\$ (0.13)	
	\$ 0.01	\$ 0.13	\$ 0.16	Cumulative effect of change in accounting principle.....	\$ --	\$ --	\$ --	\$ (0.13)	\$ --	\$ --	-----	Basic earnings (loss) per share.....	\$ (0.54)	\$ (0.44)
	\$ (0.34)	\$ (0.21)	\$ (0.26)	\$ 0.01	\$ 0.13	\$ 0.16	=====	Diluted Earnings (loss) before cumulative effect of change in accounting principle.....	\$ (0.54)	\$ (0.44)	\$ (0.34)	\$ (0.21)	\$ (0.13)	
	\$ 0.01	\$ 0.12	\$ 0.16	Cumulative effect of change in accounting principle.....	\$ --	\$ --	\$ --	\$ (0.13)	\$ --	\$ --	-----	Diluted earnings (loss) per share.....	\$ (0.54)	\$ (0.44)
	\$ (0.34)	\$ (0.21)	\$ (0.26)	\$ 0.01	\$ 0.12	\$ 0.16	=====	Weighted average shares outstanding--basic.....	13,198	13,360	13,403	13,458	13,483	
	13,497	13,511	13,537	Weighted average shares outstanding--diluted.....	13,198	13,360	13,403	13,458	13,483	13,781	13,748	13,705	21	
QUARTER ENDED ----- JULY 31, OCT. 31, JAN. 31, APRIL 30, JULY 31, OCT. 31, JAN. 31, APRIL 30, 1999 1999 2000 2000 2000 2000 2001 2001 -----														
----- PERCENTAGE OF REVENUE: Revenue.....														
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Cost of revenue.....	58.6%	65.4%	55.7%	50.6%	
	52.0%	50.6%	50.5%	48.0%	Gross profit.....	41.4%	34.6%	44.3%	49.4%	48.0%	49.4%	49.5%	52.0%	
	Operating expenses: Research and development.....	44.9%	33.5%	32.6%	31.8%	24.1%	21.9%	20.3%	24.2%	Marketing and sales.....	22.0%	24.7%	18.9%	
	19.0%	19.9%	18.1%	12.4%	15.5%	General and administrative.....	28.8%	21.1%	17.9%	14.4%	10.4%	11.1%	11.3%	
	7.0%	Income (loss) from operations.....	(54.4)%	(44.7)%	(25.1)%	(15.9)%	(6.4)%	(1.6)%	5.4%	5.2%	Other income, net.....	1.2%	2.7%	
	1.9%	2.2%	1.6%	1.4%	1.0%	0.7%	Net income (loss).....	(58.1)%	(43.1)%	(27.2)%	(14.4)%	(16.5)%	0.8%	
	6.1%	8.0%	-----	(1) Effective May 1, 2000, the Company changed its method of accounting for revenue										

recognition in accordance with Staff Accounting Bulletin No. 101 (SAB 101). As a result, the quarterly information presented above for the first three quarters of fiscal 2001 has been restated from that previously filed on the Quarterly Reports on Form 10-Q. The adoption of SAB 101 had the effect of decreasing net revenue by \$430,000, increasing net loss by \$2.3 million and decreasing basic and diluted loss by \$0.17 per share for the first quarter of fiscal 2001. The adoption of SAB 101 had the effect of decreasing net revenue and net income by \$373,000 and \$249,000, respectively, and decreasing basic and diluted earnings per share by \$0.02 per share for the second quarter of fiscal 2001. The adoption of SAB 101 had the effect of increasing net revenue by \$93,000, decreasing net income by \$17,000, decreasing diluted earnings per share by \$0.01 and no effect on basic earnings per share for the third quarter of fiscal 2001. Our quarterly operating results have varied and may continue to vary significantly due to a number of factors, including economic conditions in the semiconductor and data storage industries, the timing of shipments of orders to major customers, the mix of products sold and competitive pricing. Customers may cancel or reschedule shipments. Product shipments could be delayed by production difficulties or critical component inventory shortages. These factors could have a material adverse effect on our results of operations. As cost of revenue includes manufacturing overhead, which is relatively constant from quarter to quarter, gross margin can vary significantly from quarter to quarter due to varying levels of production and revenue. Marketing and sales expenses can vary from quarter to quarter based on a number of factors, including mix of sales channels, geographic mix and the timing of marketing events. There can be no assurance that we will be profitable in any future period.

22 LIQUIDITY AND CAPITAL RESOURCES At April 30, 2001, we had \$29.2 million in cash and cash equivalents and \$72.0 million in working capital. In addition, we had \$3.5 million in restricted cash used as security for a tax-exempt Industrial Development Bond issued through the Massachusetts Industrial Finance Agency in December 1997. We may substitute a letter of credit in an amount equal to approximately 105% of the outstanding principal balance as collateral for our obligations under this bond, assuming we have the ability to borrow under a credit facility. This substitution would allow the restricted cash balance to be used for general corporate purposes. Cash used in operating activities for the year ended April 30, 2001 was \$1.7 million. This amount resulted from net income of \$0.5 million, adjusted for net non-cash charges of \$7.7 million and a \$9.9 million net increase in working capital accounts. Non-cash items primarily consisted of \$5.8 million of depreciation and amortization and \$1.8 million from the cumulative effect of the change in accounting. The net increase in working capital total of \$9.9 million was comprised of increased accounts receivable, inventories and prepaid expenses of \$9.9 million, \$8.9 million and \$810,000, respectively, as well as increases in accounts payable, accrued expenses and other current liabilities and deferred income on sales to Japan ADE Ltd. (JAL), our 50% owned Japanese affiliate, of \$2.8 million, \$5.1 million and \$1.8 million, respectively. The increase in accounts receivable resulted from the significantly increased billings and revenue during fiscal 2001. The increase in inventory resulted primarily from inventory purchases related to a ramp up in production to meet the increase in customer orders. The increase in prepaid expenses results primarily from the timing of payments and an increase in prepaid commissions due to increased sales levels. The increase in accounts payable resulted primarily from increased purchases of inventory. The increase in accrued expenses and other current liabilities resulted from increases in deferred revenue and accrued warranty, which is related to increased sales levels. The increase in deferred income on sales to Japan ADE Ltd. is due to the timing of shipments to JAL and the acceptance of those shipments by JAL's customers. Cash used in investing activities was \$4.3 million, and consisted of \$3.7 million for purchases of fixed assets, \$449,000 in advances to affiliated companies and an increase in other assets of \$367,000 and a decrease in restricted cash of \$180,000. Cash provided by financing activities was \$211,000 and consisted of proceeds from the issuance of common stock from the exercise of stock options and the purchase of stock under the employee stock purchase plan of \$799,000. This amount was partially offset by \$588,000 in repayments of long-term debt. We expect to meet our near-term working capital needs and capital expenditures primarily through our available cash and cash equivalents.

NEW ACCOUNTING PRONOUNCEMENTS In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137, "Accounting for Derivative Instrument and Hedging Activities-Deferral of Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities--an amendment of FASB Statement No. 133," which establishes accounting and reporting standards for derivative instruments and hedging activities. The Company will adopt SFAS No. 133, as amended, in fiscal year 2002. To date the Company has not utilized derivative instruments or hedging activities and, therefore, the adoption of SFAS 133 is

not expected to have a significant impact on our financial position or results of operations. 23 In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. SFAS No. 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. SFAS No. 141 is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001. The provisions of SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001, and will thus be adopted by the Company, as required, in fiscal year 2003. The impact of SFAS No. 141 and SFAS No. 142 on the Company's financial statements has not yet been determined.

INFLATION To date, inflation has not had a significant impact on our operations. ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK At April 30, 2001, the Company's exposure to market risk relates primarily to changes in interest rates on its investment portfolio. The Company's cash equivalents consist primarily of fixed income securities. The Company invests only with high credit quality issuers and does not use derivative financial instruments in its investment portfolio. We do not believe that a sharp increase or decrease in interest rates would have a material adverse impact on the fair value of our investment portfolio. The Company's long-term borrowings are at fixed interest rates. ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA The information required by Item 8 is contained on pages F-1 through F-23 of this report. ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None. 24 PART III ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT The

information regarding directors required by this Item is included in the definitive Proxy Statement for the Company's 2001 Annual Meeting of Stockholders, to be filed with the Commission on or about August 16, 2001 under "Election of Directors" and is incorporated herein by reference. The information regarding executive officers required by this Item is included in Part I of this Form 10-K. ITEM 11. EXECUTIVE COMPENSATION The information required by this Item is included in the 2001 Proxy Statement under "Executive Compensation" and is incorporated herein by reference (excluding, however, the "Report on Executive Compensation" and the Performance Graph contained in the 2001 Proxy Statement, which shall not be deemed incorporated herein). ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT The information required by this Item is included in the 2001 Proxy Statement under "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference. ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS Not applicable. 25 PART IV ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K (a)(1) Financial Statements. The Financial Statements required to be filed by Item 8 of Form 10-K, and filed herewith, are as follows: PAGE NUMBER IN THIS FORM 10-K ----- Report of Independent

Accountants..... F-1 Consolidated Balance Sheets as of April 30, 2001 and 2000... F-2 Consolidated Statements of Operations for the three years F-3 ended April 30, 2001..... Consolidated Statements of Stockholders' Equity for the F-4 three years ended April 30, 2001..... Consolidated Statements of Cash Flows for the three years F-5 ended April 30, 2001..... Notes to Consolidated Financial Statements..... F-6 (a)(2) Financial Statement Schedule: II--Valuation and Qualifying Accounts and Reserves S-1 for the three years ended April 30, 2001..... All other schedules are omitted because they are either not applicable or the required information is included in the financial statements or related notes. 26 (a)(3) Exhibits. EXHIBIT NUMBER DESCRIPTION ----- 2.1

Agreement and Plan of Merger dated as of February 27, 1997 by and between ADE Corporation, ADE Technologies, Inc., Digital Measurement Systems, Inc., Dennis E. Speliotis, Elias Speliotis, Evanthia Speliotis, Ismene Speliotis, Advanced Development Corporation, David C. Bono and Alan Sliski (filed as Exhibit 10.18 to the Company's Form 10-K for the fiscal year ended April 30, 1997 and incorporated herein by reference). 2.2 Agreement and Plan of Merger dated as of May 31, 1998 by and among ADE Corporation, Theta Acquisition Corp., Phase Shift Technology, Inc., Chris Koliopoulos and David Basila (filed as Exhibit 2 to the Company's Form 8-K dated June 25, 1998 and incorporated herein by reference). 2.3 Purchase and Sale Agreement dated as of February 28, 1997 by and between ADE Corporation and Dennis E. Speliotis, individually and as Trustee of Thouria Investment Trust under a Declaration of Trust dated August 18, 1992, Elias Speliotis, Evanthia Speliotis and Ismene Speliotis (filed as Exhibit 10.20 to the Company's Form 10-K for the fiscal year ended April 30, 1997 and incorporated herein by reference). 3.1

Restated Articles of Organization (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (33-96408) or amendments thereto and incorporated herein by reference). 3.2 By-laws (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1 (33-96408) or amendments thereto and incorporated herein by reference). 4.1 Registration Rights Agreement dated as of February 28, 1997 by and between ADE Corporation and Dennis E. Speliotis, individually and as Trustee of Thouria Investment Trust under a Declaration of Trust dated August 18, 1992 recorded in the Middlesex South District Registry of Deeds at Book 22305, Page 375 (filed as Exhibit 10.21 to the Company's Form 10-K for the fiscal year ended April 30, 1997 and incorporated herein by reference). 4.2 Registration Rights Agreement dated as of February 27, 1997, by and among ADE Corporation and Advanced Development Corporation, David C. Bono and Alan Sliski (filed as Exhibit 10.19 to the Company's Form 10-K for the fiscal year ended April 30, 1997 and incorporated herein by reference). 4.3 Registration Rights Agreement dated as of May 31, 1998 by and among ADE Corporation, Chris Koliopoulos and David Basila (filed as Exhibit 4.6 to the Company's Form 8-K dated June 25, 1998 and incorporated herein by reference). 10.1 Form of Employee Confidentiality Agreement (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (33-96408) or amendments thereto and incorporated herein by reference). 10.2 2000 Stock Option Plan (filed as Exhibit A to the Company's Proxy Statement with respect to its Annual Meeting of Shareholders for the fiscal year ended April 30, 2000 and incorporated herein by reference).* 10.3 1997 Stock Option Plan (filed as Exhibit 4.3 to the Company's Registration Statement on Form S-8(333-46505) or amendments thereto and incorporated herein by reference).* 27 10.4 Amendment to 1997 Stock Option Plan dated April 7, 1999 (filed as Exhibit 10.3 to the Company's Form 10-K for the fiscal year ended April 30, 1999 and incorporated herein by reference).* 10.5 1995 Stock Option Plan (filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1 (33-96408) or amendments thereto and incorporated herein by reference).* 10.6 1992 Stock Option Plan (filed as Exhibit 10.5 to the Company's Registration Statement on Form S-1 (33-96408) or amendments thereto and incorporated herein by reference).* 10.7 Amendment to 1992 Stock Option Plan dated April 7, 1999 (filed as Exhibit 10.6 to the Company's Form 10-K for the fiscal year ended April 30, 1999 and incorporated herein by reference).* 10.8 1982 Stock Option Plan (filed as Exhibit 4.5 to the Company's Registration Statement on Form S-8 (333-2280) and incorporated herein by reference).* 10.9 Employee Stock Purchase Plan (as amended) (filed as Exhibit 10.6 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference).* 10.11 Purchase and Sale Agreement for 80 Wilson Way, Westwood, Massachusetts, dated January 11, 1996, between Met Path New England, Inc., and the Company, with Schedules (filed as Exhibit 10.12 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.12 Loan Agreement dated as of June 7, 1996, among GE Capital Public Finance, Inc., Massachusetts Industrial Finance Agency and the Company (filed as Exhibit 10.9 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.13 Certificate as to Nonarbitrage and Tax Compliance, dated as of June 7, 1996, from the Company to Massachusetts Industrial Finance Agency (filed as Exhibit 10.10 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.14 Letter of Credit Agreement, dated June 7, 1996, between Citizens Bank of Massachusetts and the Company (filed as Exhibit 10.11 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.15 Mortgage, Security Agreement, and Assignment, dated June 7, 1996, from the Company to Citizens Bank of Massachusetts (filed as Exhibit 10.13 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.16 Pledge Agreement, dated June 7, 1996, from the Company to Citizens Bank of Massachusetts (filed as Exhibit 10.14 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.17 Oil and Hazardous Materials Indemnification Agreement, dated June 7, 1996, between the Company and Citizens Bank of Massachusetts (filed as Exhibit 10.15 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.18 Indemnification Agreement, dated as of February 28, 1996, among MetPath of New England, Inc., Corning Life Sciences, Inc. and the Company (filed as Exhibit 10.16 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 10.19 Letter Agreement regarding collateral assignment of Indemnification from the Company to Citizens Bank of Massachusetts, with attachment, (filed as Exhibit 10.17 to the Company's Form 10-K for the fiscal year ended April 30, 1996 and incorporated herein by reference). 28 10.20 Noncompetition Agreement dated as of May 31, 1998 by and between ADE Corporation and Chris Koliopoulos (filed as Exhibit 10.21 to the Company's Form 10-K for the fiscal year ended April 30, 1998, and incorporated herein by reference). 10.21 Noncompetition Agreement dated as of May 31, 1998 by and between ADE

Corporation and David Basila (filed as Exhibit 10.22 to the Company's Form 10-K for the fiscal year ended April 30, 1998, and incorporated herein by reference). 21.1 Subsidiaries of the Company (filed as Exhibit 21.1 to the Company's Form 10-Q for the quarter ended October 31, 2000 and incorporated herein by reference). 23.1 Consent of PricewaterhouseCoopers LLP (filed herewith). 24.1 Power of Attorney (filed herewith as part of the signature page hereto). ----- * Compensatory plan or agreement applicable to management and employees. (b) Reports on Form 8-K There were no reports on Form 8-K filed by the Company during the fourth quarter of fiscal year 2001. 29 SIGNATURES PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE COMPANY HAS DULY CAUSED THIS ANNUAL REPORT ON FORM 10-K TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED. ADE CORPORATION July 19, 2001 By: /s/ ROBERT C. ABBE ----- Robert C. Abbe PRESIDENT AND CHIEF EXECUTIVE OFFICER Each person whose signature appears below constitutes and appoints Robert C. Abbe, Brian C. James, Eileen Smith Ewing, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him and in his name, place, and stead, and in any and all capacities, to sign this annual report on Form 10-K of ADE Corporation and any amendments thereto, and to file the same, with all exhibits thereto and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof. PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE COMPANY IN THE CAPACITIES AND ON THE DATES INDICATED. SIGNATURE TITLE DATE ----- /s/ ROBERT C. ABBE President, Chief Executive ----- Officer and Robert C. Abbe July 19, 2001 Robert C. Abbe Director (Principal Executive Officer) /s/ BRIAN C. JAMES Vice President, Treasurer and ----- Chief Financial Officer July 19, 2001 Brian C. James (Principal Financial Officer) /s/ JOSEPH E. ROVATTI Controller (Principal Accounting July 19, 2001 ----- Officer) Joseph E. Rovatti /s/ LANDON T. CLAY Chairman of the Board July 19, 2001 ----- Landon T. Clay /s/ CHRIS L. KOLIOPOULOS Vice President of ADE, President July 19, 2001 ----- of ADE Phase Shift and Director Chris L. Koliopoulos 30 SIGNATURE TITLE DATE ----- /s/ FRANCIS B. LOTHROP, JR. Director July 19, 2001 ----- Francis B. Lothrop, Jr. /s/ H. KIMBALL FAULKNER Director July 19, 2001 ----- H. Kimball Faulkner /s/ KENDALL WRIGHT Director July 19, 2001 ----- Kendall Wright /s/ HARRIS CLAY Director July 19, 2001 ----- Harris Clay 31 REPORT OF INDEPENDENT ACCOUNTANTS To the Board of Directors and Stockholders of ADE Corporation In our opinion, the consolidated financial statements listed in the index appearing under Item 14 (a)(1) on page 26 present fairly, in all material respects, the financial position of ADE Corporation and its subsidiaries at April 30, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2001, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14 (a) (2) on page 26 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. As discussed in Note 3 to the consolidated financial statements, during the year ended April 30, 2001, the Company changed its method of recognizing revenue. PricewaterhouseCoopers LLP Boston, Massachusetts June 19, 2001 F-1 ADE CORPORATION CONSOLIDATED BALANCE SHEETS (IN

Edgar Filing: W&T OFFSHORE INC - Form 4

THOUSANDS, EXCEPT SHARE DATA) APRIL 30, APRIL 30, 2001 2000 ----- ASSETS Current assets:

Cash and cash equivalents.....	\$ 29,220	\$ 35,001	Marketable securities.....	1,913
-- Accounts receivable: Trade, less allowance for doubtful accounts of \$917 and \$629, respectively.....	20,898	13,935	Affiliate.....	3,526 614
Inventories.....	39,025	29,968	Prepaid expenses and other current assets.....	1,566
756 Deferred income taxes.....	6,514	4,484	----- Total current assets.....	
102,662 84,758 Fixed assets, net.....	29,569	30,724	Deferred income taxes.....	4,076 6,106
Investments.....	3,221	3,331	Intangible assets, net.....	3,286 3,892
3,286 3,892 Restricted cash.....	3,525	3,705	Other assets.....	368 354
----- Total assets.....	\$146,707	\$132,870		

===== LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Current portion of long-term debt..... \$ 621 \$ 598 Accounts payable..... 6,833 4,017 Accrued expenses and other current liabilities..... 21,134 14,096 Deferred income on sales to affiliate..... 2,116 337 ----- Total current liabilities..... 30,704 19,048 Long-term debt..... 11,339 11,950 ----- Commitments and contingencies (Note 16)

STOCKHOLDERS' EQUITY: Preferred stock, \$1.00 par value; 1,000,000 shares authorized; none issued or outstanding..... -- -- Common stock, \$.01 par value; 25,000,000 shares authorized; 13,552,966 and 13,479,066 issued and outstanding at April 30, 2001 and 2000, respectively.... 136 135 Capital in excess of par value..... 102,429 101,580 Retained earnings..... 686 178 Accumulated other comprehensive income..... 1,413 -- ----- 104,664 101,893 Deferred compensation..... -- (21) ----- 104,664 101,872 ----- Total liabilities and stockholders' equity..... \$146,707 \$132,870 =====

===== The accompanying notes are an integral part of the consolidated financial statements. F-2 ADE CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) YEAR ENDED APRIL 30,

----- 2001 2000 1999 -----	Net Revenue: System and parts.....	\$ 74,390	\$ 46,120	\$ 40,761	System and parts--affiliate.....	15,452
8,787 9,254 Service.....	10,341	7,599	10,870	----- Total revenue.....	100,183	62,506 60,885
----- Cost of revenue: System and parts.....	31,704	21,893	28,341	System and parts--affiliate.....	6,343	3,285
4,012 Service.....	12,189	10,297	14,136	----- Total cost of revenue.....	50,236	35,475 46,489
----- Gross profit.....	49,947	27,031	14,396	----- Operating expenses: Research and development.....	22,583	21,884 24,026
Marketing and sales.....	16,218	13,002	12,280	General and administrative.....	9,948	12,281 11,153
Restructuring charges.....	--	--	2,318	----- Total operating expenses.....	48,749	47,167 49,777
----- Income (loss) from operations.....	1,198	(20,136)	(35,381)	Other income (expense): Interest and other income.....	1,971	2,199 3,220
Interest expense.....	(841)	(919)	(620)	----- Income (loss) before provision for (benefit from) income taxes, equity in net loss of affiliated companies and cumulative effect of change in accounting principle.....	2,328	(18,856) (32,781)
Provision for (benefit from) income taxes.....	37	102	(9,335)	----- Income (loss) before equity in net earnings (loss) of affiliated companies and cumulative effect of change in accounting principle.....	2,291	(18,958) (23,446)
Equity in net earnings (loss) of affiliated companies.....	2	(1,489)	(1,082)	----- Income (loss) before cumulative effect of change in accounting principle.....	2,293	(20,447) (24,528)
Cumulative effect of change in accounting principle, net of \$0 tax.....	(1,785)	--	--	----- Net income (loss).....	\$ 508	\$(20,447) \$(24,528)
===== Net earnings (loss) per share: Basic Earnings (loss) before cumulative effect of change in accounting principle.....	\$ 0.17	\$ (1.53)	\$ (1.89)	Cumulative effect of change in accounting principle.....	\$	(0.13) \$ -- \$ --
----- Basic earnings (loss) per share.....	\$ 0.04	\$ (1.53)	\$ (1.89)	===== Diluted Earnings (loss) before cumulative effect of change in accounting principle.....	\$ 0.17	\$ (1.53) \$ (1.89)
Cumulative effect of change in accounting principle.....	\$	(0.13) \$ -- \$ --	Diluted earnings (loss) per share.....	\$ 0.04	\$ (1.53) \$ (1.89)	

Edgar Filing: W&T OFFSHORE INC - Form 4

===== Pro forma amounts assuming retroactive effect of change in accounting principle related to revenue recognition: Net revenues..... \$100,183 \$ 61,966 \$ 63,194 Net income (loss)..... \$ 508 \$(20,700) \$(22,511) Basic earnings (loss) per share..... \$ 0.04 \$ (1.55) \$ (1.73) Diluted earnings (loss) per share..... \$ 0.04 \$ (1.55) \$ (1.73) Weighted average shares outstanding--basic..... 13,507 13,353 12,989 Weighted average shares outstanding--diluted..... 13,754 13,353 12,989 The accompanying notes are an integral part of the consolidated financial statements. F-3 ADE CORPORATION CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (IN THOUSANDS, EXCEPT SHARE DATA) COMMON STOCK ACCUMULATED ----- CAPITAL IN OTHER TOTAL NUMBER PAR EXCESS RETAINED COMPREHENSIVE DEFERRED STOCKHOLDERS' OF SHARES VALUE OF PAR EARNINGS INCOME COMPENSATION EQUITY -----

----- Balance at April 30, 1998..... 13,116,052 \$131 \$ 99,045 \$ 45,153 \$ -- \$ (143) \$ 144,186 Exercise of common stock options..... 106,820 2 517 519 Sale of common stock pursuant to the Employee Stock Purchase Plan..... 53,530 -- 469 469 Amortization of deferred compensation..... 61 61 Tax benefit related to exercise of common stock options..... 115 115 Net loss..... (24,528) (24,528) -----

----- Balance at April 30, 1999..... 13,276,402 133 100,146 20,625 -- (82) 120,822 Exercise of common stock options..... 157,250 2 957 959 Sale of common stock pursuant to the Employee Stock Purchase Plan..... 45,414 -- 477 477 Amortization of deferred compensation..... 61 61 Net loss..... (20,447) (20,447) -----

----- Balance at April 30, 2000..... 13,479,066 135 101,580 178 -- (21) 101,872 Exercise of common stock options..... 32,636 -- 236 236 Sale of common stock pursuant to the Employee Stock Purchase Plan..... 37,761 1 562 563 Common stock issued in lieu of Board of Directors' fees..... 3,503 -- 51 51 Amortization of deferred compensation..... 21 21 Net income..... 508 508 Unrealized gain on marketable securities... 1,413 1,413 ----- Comprehensive income..... 1,921 -----

----- Balance at April 30, 2001..... \$13,552,966 \$136 \$102,429 \$ 686 \$ 1,413 \$ -- \$ 104,664 =====

===== The accompanying notes are an integral part of the consolidated financial statements. F-4 ADE CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS DECREASE IN CASH AND CASH EQUIVALENTS (IN THOUSANDS) YEAR ENDED APRIL 30, ----- 2001 2000 1999 -----

----- CASH FLOWS USED IN OPERATING ACTIVITIES: Net income (loss)..... \$ 508 \$(20,447) \$(24,528) Adjustments to reconcile net income (loss) to net cash used in operating activities: Depreciation and amortization..... 5,793 5,881 5,945 Non-cash portion of restructuring charge..... -- -- 931 Equity in net (earnings) loss of affiliated companies, net of dividends received..... 62 1,544 1,192 Deferred income taxes..... -- (207) (808) Shares issued in lieu of directors' fees..... 51 -- -- Amortization of deferred compensation..... 21 61 61 Cumulative effect of change in accounting principle... 1,785 -- -- Changes in assets and liabilities, net of acquisition: Accounts receivable, trade..... (6,963) (3,743) 5,353 Accounts receivable, affiliate..... (2,912) 1,037 (258) Inventories..... (8,856) (7,790) 6,614 Income tax refund receivable..... -- 7,425 (2,074) Prepaid expenses and other current assets..... (810) (174) 640 Accounts payable..... 2,816 1,761 (3,438) Accrued expenses and other current liabilities..... 5,052 (1,353) 3,244 Deferred income on sales to affiliate..... 1,779 (1,454) (720) -----

----- Net cash used in operating activities..... (1,674) (17,459) (7,846) ----- CASH FLOWS USED IN INVESTING ACTIVITIES: Purchases of fixed assets..... (3,682) (7,510) (7,759) Change in restricted cash..... 180 (172) 275 Equity investments and advances..... (449) (1,006) (1,169) Increase in other assets..... (367) (1,002) (102) -----

----- Net cash used in investing activities..... (4,318) (9,690) (8,755) ----- CASH FLOWS PROVIDED BY FINANCING ACTIVITIES: Repayment of long-term debt..... (588) (564) (435) Proceeds from issuance of long-term debt..... -- -- 4,500 Proceeds from issuance of common stock, net of issuance costs..... 799 1,436 988 Tax benefit related to the exercise of common stock options..... -- -- 115 -----

----- Net cash provided by financing activities..... 211 872 5,168 -----

----- Net decrease in cash and cash equivalents..... (5,781) (26,277) (11,433) Cash and cash equivalents, beginning of year..... 35,001 61,278 72,711 -----

----- Cash and cash equivalents, end of year..... \$29,220 \$ 35,001 \$ 61,278 ===== See supplemental disclosures of cash flow information (Note 17) The accompanying notes are an integral part of the consolidated

financial statements. F-5 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS ADE Corporation (the "Company") designs, manufactures, markets and services highly precise, automated measurement, defect detection and handling equipment with current applications in the production of semiconductor wafers, integrated circuits, data storage and optics industries. The predominant markets for the Company consist of semiconductor wafer and device manufacturing concerns as well as data storage device and disk drive manufacturers located in the United States, Japan, Europe and the Far East. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated. Investments in companies in which the Company has a majority voting interest but does not have control due to significant minority stockholder rights and investments in 50% or less owned companies over which the company has the ability to exercise significant influence are accounted for using the equity method. Investments in 20% or less owned companies are accounted for using the cost method (Note 5). REVENUE RECOGNITION The Company recognizes revenue from sales of systems upon shipment provided title and risk of loss has passed to the customer, persuasive evidence of an arrangement exists, fees are fixed or determinable and collectibility is reasonably assured. For some of the Company's sales transactions, a portion, usually 10%, of the fee is not due until installation occurs and the customer accepts the product. If the Company has met defined customer acceptance experience levels with a specific type of product, these transactions are accounted for as multiple-element arrangements with the deferral of the portion of the fee not due until installation is complete and customer acceptance has occurred. The portion of the fee related to the installation of the product and customer training is classified as service revenue. All other sales with customer acceptance provisions are recognized as revenue upon customer acceptance. The Company's transactions frequently involve the sales of systems and services under multiple element arrangements. Revenue under multiple element arrangements is allocated to all elements except systems based upon the fair value of those elements. The amounts allocated to training are based upon the price charged when this element is sold separately and unaccompanied by the other elements. The amount allocated to installation revenue is based upon hourly rates and the estimated time to complete the service. The amount allocated to system and parts is done on a residual method basis. Under this method, the total arrangement value is allocated first to undelivered elements, based on their fair values, with the remainder being allocated to systems revenue. Installation and training are not essential to the functionality of systems as these services do not alter the equipment's capabilities, are available from other vendors and the systems are standard products. The Company accrues for anticipated warranty costs upon shipment. Service revenue is recognized as the services are performed provided collection of the related receivable is reasonably assured. Service contract revenue is recognized ratably over the contractual periods the services are provided. The Company does not provide the right to return products. Revenue from software licenses is recognized when an agreement has been executed, software has been delivered, fees are fixed or determinable and F-6 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) collection of the related receivable is reasonably assured. Revenue from software consulting services provided on a time and reimbursable expense basis is recognized as the services are provided. CASH AND CASH EQUIVALENTS The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company invests its excess cash in money market accounts. These investments are subject to minimal credit and market risks. At April 30, 2001 and 2000, the Company has classified its cash equivalent investments totaling \$26,678,000 and \$30,951,000, respectively, as available-for-sale. The carrying amount of these investments approximates fair market value. MARKETABLE SECURITIES The Company classifies its marketable securities as available-for-sale in accordance with the provisions of Statement of Financial Accounting Standard ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Securities classified as available-for-sale are reported at fair market value with the related unrealized gains and losses included, net of tax, in accumulated other comprehensive income (loss). Gross unrealized gains on securities for the years ended April 30, 2001 and 2000, the cost of which is based upon the specific identification method, were \$1,413,000 and \$0, respectively. INVENTORIES Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis. FIXED ASSETS Fixed assets are stated at cost. Additions and betterments, unless of a relatively minor amount, are capitalized. Expenditures for normal maintenance and repairs are charged to expense as incurred. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the

shorter of their useful life or the remaining life of the lease. **INTANGIBLE ASSETS** Intangible assets consist of capitalized license fees for software included in the Company's products as well as goodwill obtained through the acquisition of the Semiconductor Solutions Division of LPA Software, Inc. ("SSD") in September 1997. Goodwill of \$2,403,000 related to the acquisition of SSD is amortized on a straight-line basis over ten years. Accumulated amortization on the goodwill at April 30, 2001 and 2000 was \$854,000 and \$618,000, respectively. Capitalized license fees of \$2,900,000 for software included in the Company's products is amortized at the greater of 1) the ratio that current gross revenue for the related products bear to the total current and anticipated future gross revenue for those products or 2) on a straight-line basis over its estimated useful life. Accumulated amortization on the license fees at April 30, 2001 and 2000 was \$1,168,000 and \$700,000, respectively. **F-7 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) IMPAIRMENT OF LONG-LIVED ASSETS** The Company evaluates its long-lived assets, including goodwill, for impairment whenever events or other factors may indicate that the carrying amount may not be recoverable. Recoverability is measured by the carrying value of the asset against any undiscounted future net cash flow projections expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be expensed is the excess carrying value over the fair market value of the asset. For the year ended April 30, 2001 the Company determined that the remaining value of the assembled workforce intangible asset obtained in the SSD acquisition was impaired and recorded an expense of \$228,000, which was included in general and administrative expenses. At April 30, 2001 and 2000, all other long-lived assets, including goodwill, were not impaired. **CONCENTRATIONS CREDIT RISK** Financial instruments which potentially expose the Company to concentration of credit risk include cash, cash equivalents, marketable securities and trade accounts receivable. A significant amount of the Company's cash and cash equivalents are held by three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured cash balances totaled approximately \$1,767,000 and \$3,214,000 at April 30, 2001 and 2000, respectively. The Company does not believe that such deposits are subject to any unusual credit risk associated with operating its business. The Company's customer base primarily consists of semiconductor wafer, semiconductor device and data storage manufacturers. Accounts receivable from two customers accounted for approximately 29% and 22% of total accounts receivable at April 30, 2001 and 2000, respectively. The Company performs ongoing credit evaluations of customers' financial condition and has used letters of credit from financial institutions to secure payments, although it generally does not require collateral. The Company maintains reserves for potential credit losses. **SUPPLIERS** Certain of the components and subassemblies incorporated into the Company's systems are obtained from a single source or a limited group of suppliers. The Company seeks to reduce the impact from its dependence on those sole and limited source suppliers by considering alternate sources of supply, alternate designs for its products and by maintaining an adequate supply of the components and subassemblies. However, the loss of one or more of the sole or limited suppliers could cause a delay in manufacturing and a potential loss of sales, which could affect operating results adversely. **FINANCIAL INSTRUMENTS** The carrying amount of the Company's financial instruments, which include cash, cash equivalents, marketable securities, accounts receivable, accounts payable, accrued expenses, and long-term debt, approximates their fair value at the balance sheet dates. It was not practicable to estimate the fair value of the Company's long-term investments as the stock of the related investees is not publicly traded. **F-8 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) COMPREHENSIVE INCOME** Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130") requires that changes in comprehensive income be shown in a financial statement that is displayed with the same prominence as other financial statements. The Company has presented accumulated other comprehensive income and other comprehensive income in the Consolidated Statement of Stockholders' Equity. Other comprehensive income consists primarily of unrealized gains on marketable securities. **ADVERTISING EXPENSE** The Company recognizes advertising expense as incurred. Advertising expense was approximately \$268,000, \$143,000 and \$164,000 for the years ended April 30, 2001, 2000 and 1999, respectively. **STOCK-BASED COMPENSATION** Stock-based compensation awards to employees under the Company's stock plans are accounted for using the intrinsic value method prescribed in Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The Company has adopted the disclosure requirements of Statement of Financial Accounting Standards No. 123, ("SFAS No. 123") "Accounting for Stock-Based Compensation." **EARNINGS (LOSS) PER SHARE** Earnings (loss) per share

are presented in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"), which requires the presentation of "basic" earnings per share and "diluted" earnings per share. Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is computed using the weighted average number of common shares outstanding and gives effect to all dilutive potential common shares outstanding during the period. Potential common shares include shares issuable upon the assumed exercise of dilutive stock options and shares issued in the PST merger held in escrow. For the years ended April 30, 2001 and 2000, respectively, 377,400 and 256,976 common shares issuable upon the exercise of stock options are antidilutive and for the year ended April 30, 2000, 200,000 shares issued in the PST merger held in escrow are antidilutive because the Company recorded a net loss for the year and, therefore, have been excluded from the diluted earnings (loss) per share computation.

F-9 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED) 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) The following is a reconciliation of the shares used in calculating basic and diluted earnings (loss) per share: YEAR ENDED APRIL 30, ----- 2001 2000 1999 ----- (IN THOUSANDS) Shares used in computation: a.

Weighted average common stock outstanding used in computation of basic earnings (loss) per share.....	13,507	13,353	12,989	b. Dilutive effect of stock options and warrants.....	247	--	--	-----	c. Shares used in computation of diluted earnings (loss) per share.....	13,754	13,353	12,989	=====	=====	=====
---	--------	--------	--------	---	-----	----	----	-------	---	--------	--------	--------	-------	-------	-------

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at April 30, 2001 and 2000, and the reported amounts of revenue and expenses during the three year period ended April 30, 2001. Areas particularly subject to estimation include the allowance for doubtful accounts, the reserve for potential excess and obsolete inventory, the carrying value of the Company's intangible assets and the valuation allowance on deferred tax assets. Actual results could differ from those estimates. RECLASSIFICATIONS Certain amounts in the 2000 and 1999 financial statements have been reclassified to conform with the 2001 presentation. NEW ACCOUNTING PRONOUNCEMENTS In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137, "Accounting for Derivative Instrument and Hedging Activities--Deferral of Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities-an amendment of FASB Statement No. 133," which establishes accounting and reporting standards for derivative instruments and hedging activities. The Company will adopt SFAS No. 133, as amended, in fiscal year 2002. To date the Company has not utilized derivative instruments or hedging activities and, therefore, the adoption of SFAS 133 is not expected to have a significant impact on our financial position or results of operations. In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. SFAS No. 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. SFAS No. 141 is effective for all business combinations initiated after F-10 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001. The provisions of SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001, and will thus be adopted by the Company, as required, in fiscal year 2003. The impact of SFAS No. 141 and SFAS No. 142 on the Company's financial statements has not yet been determined. 3. CHANGE IN ACCOUNTING PRINCIPLE In December 1999, the SEC issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 summarizes certain areas of the Staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. Historically, for some of the Company's sales transactions, a portion of the sales price, usually 10%, was not due until installation occurs and the customer accepts the product. Under SAB 101 and the new accounting method adopted retroactive to May 1, 2000, the Company now defers the portion of the sales price not due until the customer has accepted the product. During the fourth quarter of the year ended April 30,

2001, the Company implemented the SEC's SAB 101 guidelines, retroactive to the beginning of the year. This was reported as a cumulative effect of a change in accounting principle as of May 1, 2000. The cumulative effect of the change in accounting principle on prior years resulted in a charge to income of \$1.8 million (net of income taxes of \$0), or \$0.13 per share, which has been included in income for the fiscal year ended April 30, 2001. For the fiscal year ended April 30, 2001, the Company recognized approximately \$1.7 million in revenue that is included in the cumulative effect adjustment as of May 1, 2000. The effect of that revenue was to increase income by \$1.4 million (net of \$0 in taxes) for the fiscal year ended April 30, 2001. The results for the first three quarters of the fiscal year ended April 30, 2001 have been restated to conform with SAB 101. The pro forma results for prior periods presented in the consolidated statement of operations were calculated assuming the accounting change was made retroactively to prior periods.

4. MERGER On June 11, 1998, the Company merged with Phase Shift Technology, Inc. ("PST"), an Arizona corporation. PST designs, manufactures and markets a broad line of high-performance, non-contact surface metrology equipment using advanced optical interferometric technology. Each outstanding share of PST common stock was exchanged for two shares of the Company's common stock. A total of 2,000,000 shares of the Company's common stock were issued in this transaction. This transaction has been accounted for as a pooling-of-interests.

Accordingly, all prior period financial statements have been restated to reflect the inclusion of PST's operations. There were no material transactions between the Company and PST prior to the PST Agreement. No material adjustments to net assets or the results of operations were necessary to conform the accounting practices of PST to those of the Company.

5. INVESTMENTS Investments in companies in which the Company has a majority voting interest but does not have control due to significant minority stockholder rights and investments in 50% or less owned companies over which the Company has the ability to exercise significant influence are accounted for using the equity method. Japan ADE Ltd. ("JAL"), a Japanese corporation, is an investment accounted for under the equity method at April 30, 2001 and 2000. Microspec Technologies Ltd. ("Microspec"), an Israeli corporation, was an investment accounted for under the equity method at April 30, 2000.

F-11 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 5. INVESTMENTS (CONTINUED) The Company has a 50% investment in JAL, which has been the exclusive distributor of ADE dimensional products in Japan since 1986. Sales to JAL which have not in turn been sold to unrelated third parties at April 30, 2001, 2000 and 1999 have been eliminated, and the related profit on such sales is recorded as deferred income on sales to affiliate. In July 1996, the Company acquired a 25.1% interest in Microspec for \$1,250,000. In connection with this investment, the Company also executed an exclusive five-year agreement to distribute Microspec products, subject to certain performance criteria. In April 1998, the Company acquired an additional 37.5% of Microspec, bringing the Company's total investment to 62.6%, by purchasing shares owned by one of the two other stockholders for \$1,500,000. During fiscal 2000, the Company advanced \$1.0 million in short term notes receivable to Microspec. On May 1, 1999, \$1,000,000 of these advances converted into additional shares of Microspec's common stock, which increased the Company's ownership to 67.5%. The Company continued to account for this investment under the equity method of accounting due to certain significant contractual minority rights of the remaining stockholder. There were no material purchases from or sales to Microspec during fiscal 2001, 2000 or 1999. As of January 2000, the Company entered into an agreement with Microspec's minority shareholder, which provided ADE an option to purchase the minority interest in Microspec. The Company subsequently decided that it would not exercise the option and that no additional investments in Microspec would be made. In July of 2000, the Company sold its 67.5% investment in Microspec for \$1. The balance of the Company's investment in Microspec was approximately zero at the time of sale. Therefore, no gain or loss was recorded on the transaction. The financial positions and results of operations of JAL and Microspec were not significant, individually or in the aggregate, compared to those of the Company as of and for the years ended April 30, 2000 and 1999. Below is the summarized unaudited financial information for JAL for fiscal 2001: YEAR ENDED APRIL 30, 2001 ----- (IN THOUSANDS)

Revenue.....	\$ 29,139	Gross profit.....	10,552	Net income.....	1,287
Current assets.....	\$ 22,015	Noncurrent assets.....	2,098	Current liabilities.....	18,009
Noncurrent liabilities.....	6,103	The Company's share of the undistributed earnings of JAL was \$2,443,000 at April 30, 2001. The Company received \$64,000 in dividends from JAL during fiscal year 2001. At April 30, 2001, the Company's investment is approximately equal to the underlying net assets of the affiliated company. Investments in excess of the underlying net assets have been amortized by decreasing the equity in net earnings of affiliated companies using the straight-line method over five			

years. Related amortization expense of \$246,000, \$710,000 and \$363,000 was recorded in fiscal 2001, 2000 and 1999, respectively. At April 30, 2000, the Company also had a less than 20% investment in a company in the amount of \$500,000 that was accounted for using the cost method. During fiscal year 2001, this investee company was F-12

ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 5. INVESTMENTS (CONTINUED) acquired by a publicly traded company. The Company's original \$500,000 investment was converted into shares of this publicly traded company, which have a readily determinable market value. The Company holds substantially less than 20% of this publicly traded company and has no ability to exercise significant influence. As a result, the shares of the publicly traded company received upon the acquisition of the investee company have been reclassified as available-for-sale marketable securities. At April 30, 2001, the fair market value of the shares held was \$1,913,000, resulting in an unrealized gain on marketable securities of \$1,413,000 for the year ended April 30, 2001. The Company had paid \$1,500,000 to license technology for use in its products from this investee company. This license fee has been capitalized and is being amortized at the greater of 1) the ratio that current gross revenue for the related products bear to the total current and anticipated future gross revenue for those products or 2) on a straight line basis over its estimated useful life of 5 years. Related amortization expense of \$300,000 was recognized in both fiscal 2001 and 2000, respectively. This capitalized license technology had accumulated amortization of \$900,000 and \$600,000 at April 30, 2001 and 2000, respectively.

6. RESTRUCTURING CHARGES In January 1999, the Company implemented a restructuring of operations plan designed to better align the Company's cost structure with its reduced revenue resulting from the decline in capital equipment expenditures in the semiconductor and data storage industries. The plan included workforce reductions as well as the consolidation of manufacturing and other operational facilities. The Company recorded restructuring charges of \$2,318,000 for the year ended April 30, 1999, comprised of the following: severance charges of \$1,202,000 related to the termination of 76 employees in general and administrative, marketing and sales, manufacturing, and engineering functions; \$185,000 in lease termination penalties and \$931,000 in non-cash fixed asset impairments related to furniture, fixtures and building improvements on the terminated leased facilities. The fair value of the impaired assets was determined as their estimated salvage value at the time of their eventual disposition increased by their estimated utility during their related service period through disposition. These impaired assets were removed from service by January 31, 2000. Through April 30, 2000, the Company has made lease termination payments of \$185,000. Of the \$1,202,000 in accrued severance in accrued expenses as of May 1, 1999, \$924,000 was paid during the fiscal year ended April 30, 2000. During fiscal 2001, the remainder of the restructuring accrual was paid, which consisted of \$278,000 of severance payments.

7. INVENTORIES Inventories consist of the following: APRIL 30, ----- 2001 2000 ----- (IN THOUSANDS)

Raw materials and purchased parts.....	\$16,910	\$13,202
Work-in-process.....	18,749	15,437
Finished goods.....	3,366	1,329
-----	\$39,025	\$29,968

===== F-13

ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 8. FIXED ASSETS Fixed assets consist of the following: APRIL 30, USEFUL LIFE ----- IN YEARS 2001 2000 ----- (IN THOUSANDS)

Land.....	\$ 2,722	\$ 2,722
Building and improvements.....	15-25	22,208
Machinery and equipment.....	3-10	14,650
Office equipment.....	3-10	6,485
Leasehold improvements.....	5	491
Construction-in-progress.....	728	239
-----	-----	47,284
Less accumulated depreciation.....	17,715	12,851
-----	-----	\$29,569
-----	-----	\$30,724

=====

Depreciation expense for the years ended April 30, 2001, 2000 and 1999 was \$4,837,000, \$5,054,000, \$4,618,000, respectively.

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES Accrued expenses and other current liabilities consist of the following: APRIL 30, ----- 2001 2000 ----- (IN THOUSANDS)

Accrued salaries, wages, vacation pay and bonuses.....	\$ 2,342	\$ 1,844
Accrued commissions.....	1,341	647
Accrued warranty costs.....	1,899	1,083
Accrued severance.....	--	278
Deferred revenue.....	11,655	6,436
Other.....	3,897	3,808
-----	-----	\$21,134
-----	-----	\$14,096

===== 10.

BORROWINGS LONG-TERM DEBT In April 1999, the Company issued a tax exempt Industrial Development Bond through the Industrial Development Authority of the County of Pima, Arizona. The Company also issued tax exempt Industrial Development Bonds through the Massachusetts Industrial Finance Agency in December 1997 and June 1996. The face values of the April 1999 bond (the "1999 bond"), the December 1997 bond (the "1997 bond") and the June 1996 bond (the "1996 bond") were \$4,500,000, \$4,000,000 and \$5,500,000, respectively. The 1999 bond, 1997

bond and the 1996 bond bear interest at a rate of 5.52%, 5.79% and 5.74%, respectively, and provide for 50% of the principal to be paid over ten years from the dates of issuance with the remaining 50% due in March 2009, December 2007 and June 2006, respectively. Monthly payments of principal and accrued interest for the 1999 bond are approximately \$31,000. Monthly F-14 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 10. BORROWINGS (CONTINUED) payments of principal and accrued interest for the 1997 bond commence at approximately \$36,000 and decrease to approximately \$27,000 over the ten-year payment period. Monthly payments of principal and accrued interest for the 1996 bond are approximately \$43,000. The proceeds of the 1999 bond were used to fund the construction of a new manufacturing facility in Tucson, Arizona. The Company collateralized the issuance of this bond with a standby letter of credit from a financial institution. The standby letter of credit, bearing a fee of 1.5% of the outstanding bond balance, is collateralized by a mortgage on the building and land. Under the terms of the letter of credit, the Company is required to comply with certain financial covenants. The proceeds of the 1997 bond were used to fund the acquisition and renovation of a manufacturing facility. The Company collateralized the issuance of this bond with cash, which is classified as restricted cash on the April 30, 2001 and 2000 balance sheet. The proceeds of the June 1996 bond were used to fund the acquisition and renovation of the manufacturing facility in the Company's headquarters site. The Company collateralized the issuance of this bond with a standby letter of credit from a financial institution. The standby letter of credit, bearing a fee of 1.25% of the outstanding bond balance, is collateralized by a mortgage on the building and land. Future maturities of these bonds are as follows: YEAR ENDING APRIL 30, (IN THOUSANDS) -----

2002.....	\$ 621	2003.....	646	
2004.....	672	2005.....	699	
2006.....	728	Thereafter.....	8,594	----- \$11,960 =====

11. EMPLOYEE COMPENSATION PLANS In April 1992, the Company adopted the 1992 Stock Option Plan (the "1992 Plan"). The 1992 Plan provides for the issuance to employees of options to purchase 479,000 shares of common stock plus any expired or canceled options granted pursuant to the Company's expired 1982 Stock Option Plan. In August 1995, the Company adopted the 1995 Stock Option Plan (the "1995 Plan"). The 1995 Plan provides for the issuance to employees of stock options or stock awards to purchase 400,000 shares of common stock. In October 1997, the Company adopted the 1997 Employee Stock Option Plan (the "1997 Plan"). The 1997 Plan provides for the issuance to employees of stock options or stock awards to purchase 500,000 shares plus the number of shares reserved under the 1995 Plan that have not been issued or have been issued and subsequently cancelled. Options are granted under the 1992, 1995, 1997 Plans as either incentive stock options or non-qualified stock options and at exercise prices not less than the fair value of the stock on the date of grant or less than 110% of the fair value in the case of optionees holding more than 10% of the total combined voting power of all classes of stock of the Company. The terms of the options generally may not exceed ten years or five years in the case of optionees holding more than 10% of the total combined voting power of all classes of stock of the Company. The options are exercisable over periods determined by the compensation committee of the board of directors, generally at the rate of 20% per year, on a cumulative basis, beginning with the first anniversary of the date of grant. F-15 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 11. EMPLOYEE COMPENSATION PLANS (CONTINUED) On June 21, 2000, the Board of Directors adopted, subject to the approval of the stockholders, the Company's 2000 Employee Stock Option Plan (the "Plan"). Under the Plan, stock rights may be granted which are either (i) options intended to qualify as "incentive stock options" under Section 422(b) of the Internal Revenue Code of 1986, as amended, (ii) non-qualified stock options or (iii) awards of shares of common stock or the opportunity to make a direct purchase of shares of common stock. The adoption of the 2000 Employee Stock Plan was formally approved by the stockholders at the 2000 Annual Meeting of Stockholders held on September 21, 2000. The Plan authorizes the issuance of up to 900,000 shares of the Company's common stock plus the number of shares of common stock previously reserved for granting of options under the Company's 1995 Stock Option Plan or its 1997 Stock Option Plan which are not granted under either of these plans or which are not exercised and cease to be outstanding by reason of cancellation or otherwise. The options are exercisable over periods determined by the compensation committee of the board of directors, generally at the rate of 5% per quarter, on a cumulative basis, beginning with the first anniversary of the date of grant. At April 30, 2001, 649,780 shares were available for future grants under the Company's stock option plans. In October 1996, the Board of Directors adopted the Employee Stock Purchase Plan (the "Purchase Plan") effective as of October 1, 1996. The Purchase Plan provides

full-time employees, nearly all of whom are eligible to participate, the opportunity to purchase common shares, on a quarterly basis, at 85% of the fair market value of the shares on either the first or last day of the applicable quarter, whichever is lower. The term of the Purchase Plan is for five years, and the Company has authorized 1,000,000 shares of the Company's common stock for issuance under the Purchase Plan. Under the Purchase Plan, the Company sold 37,761, 45,414 and 53,530 shares to employees in fiscal years 2001, 2000 and 1999, respectively. In September 1998, the Compensation Committee of the Board of Directors of the Company granted employees with outstanding stock options the opportunity to cancel their existing options and receive new options on a one for one basis with a new five year vesting schedule commencing on the new date of grant. On October 2, 1998, 298,850 options with exercise prices between \$12.94 and \$41.25 per share and an average exercise price of \$17.72 per share were cancelled and 298,850 new options were granted with an exercise price of \$8.66 per share, the fair market value of the Company's common stock on October 2, 1998. No executive officer of the Company participated in the stock option repricing. The Company applies APB No. 25 and related interpretations in accounting for stock-based compensation. The Company has recognized compensation expense of \$21,000, \$61,000 and \$61,000, respectively, in each of the fiscal years 2001, 2000 and 1999 for stock-based compensation. Had compensation cost for the stock-based compensation been determined based on the fair value at the grant

F-16 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 11. EMPLOYEE COMPENSATION PLANS (CONTINUED) dates of awards consistent with the provisions of SFAS No. 123, the Company's net income (loss) and earnings (loss) per share would have been reduced to the pro forma amounts as follows: YEAR ENDED APRIL 30, ----- 2001 2000 1999 ----- (IN THOUSANDS, EXCEPT PER SHARE DATA)									
Net income (loss): As reported.....	\$ 508	\$(20,447)	\$(24,528)	Pro					
forma.....	\$(1,843)	\$(22,413)	\$(25,625)	Basic earnings (loss) per share: As					
reported.....	\$ 0.04	\$ (1.53)	\$ (1.89)	Pro forma.....	\$ (0.14)	\$ (1.68)	\$ (1.97)		
Diluted earnings (loss) per share: As reported.....	\$ 0.04	\$ (1.53)	\$ (1.89)	Pro					
forma.....	\$ (0.14)	\$ (1.68)	\$ (1.97)	The fair value of each option and purchase right grant was					
estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average				assumptions for fiscal years 2001, 2000 and 1999: no dividend yield; risk free interest rates of 5.1%, 6.6% and 5.2%,					
respectively; expected option terms of 7 years, 6 years and 7 years, respectively, and expected purchase right terms of				three months; volatility of 62% for options and purchase rights granted in fiscal 2001, 58% for options and purchase					
rights granted in fiscal year 2000 and 70% for options and purchase rights granted in fiscal 1999. The weighted				average fair value per option for options granted with option exercise prices equal to the fair value of the underlying					
common stock in fiscal years 2001, 2000 and 1999 was \$12.15, \$10.31 and \$7.19, respectively. The weighted average				fair value per purchase right for purchase rights granted in fiscal years 2001, 2000 and 1999 was \$4.96, \$3.12 and					
\$3.48, respectively. F-17 ADE CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 11. EMPLOYEE COMPENSATION PLANS (CONTINUED) Because options vest over several				years and additional option and purchase right grants are expected to be made in subsequent years, the pro forma					
impact on fiscal years 2001, 2000 and 1999 is not necessarily representative of the pro forma effects of reported net				income and earnings per share for future years. Stock option activity is summarized as follows: WEIGHTED					
AVERAGE NUMBER EXERCISE OF SHARES PRICE ----- Options outstanding at April 30,				1998.....	716,020	\$12.20	Granted.....	558,850	10.16
Exercised.....	(106,820)	4.84	Canceled.....	(408,300)	17.23	-----			
Options outstanding at April 30, 1999.....	759,750	9.06	Granted.....	273,965	16.38				
Exercised.....	(162,590)	6.33	Canceled.....	(138,780)	13.71	-----			
Options outstanding at April 30, 2000.....	732,345	11.53	Granted.....	454,625					
18.67 Exercised.....	(32,700)	7.26	Canceled.....	(54,625)	14.46				
----- Options outstanding at April 30, 2001.....	1,099,645	\$14.46	=====	The number and weighted					
average exercise price of options exercisable at April 30, 2001, 2000 and 1999 was 285,904 and \$11.43; 172,660 and				\$9.43; and 198,900 and \$7.34, respectively. The following table summarizes information about stock options					
outstanding at April 30, 2001: OPTIONS OUTSTANDING OPTIONS EXERCISABLE									
----- WEIGHTED AVERAGE REMAINING WEIGHTED WEIGHTED									
CONTRACTUAL AVERAGE AVERAGE NUMBER LIFE EXERCISE NUMBER EXERCISE RANGE OF									
EXERCISE PRICES OUTSTANDING (YEARS) PRICE EXERCISABLE PRICE -----									

----- \$4.13--\$5.88..... 35,100 2.9 \$ 4.44 35,100 \$ 4.44 \$8.38--\$9.94.....
 320,080 7.1 8.75 130,240 8.88 \$11.25--\$14.75..... 248,950 8.2 13.06 54,200 13.13 \$15.06--\$21.16.....
 495,315 8.9 19.56 66,164 18.69 \$41.25..... 200 6.3 41.25 200 41.25 -----

1,099,645 8.0 \$14.46 285,904 \$11.43 ===== F-18 ADE CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 12. STOCKHOLDERS'

EQUITY RESERVED SHARES At April 30, 2001, the Company has reserved 1,721,536 shares of common stock for issuance upon the exercise of outstanding and available common stock options and for issuance to employees under the Purchase Plan. PREFERRED STOCK The Company has 1,000,000 shares of \$1.00 par value preferred stock authorized. Shares of preferred stock may be issued at the discretion of the Board of Directors of the Company with such designation, rights and preferences as the Board may determine from time to time. The preferred stock may have voting rights, preferences as to dividends and liquidation, conversion and redemption rights and sinking fund provisions, which are more expansive than those of the holders of the common stock. 13. SEGMENT,

GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION Beginning in the third quarter of fiscal 2001, the Company consolidated its reported segments to conform with how the Company now manages its business. Prior to the third quarter of fiscal 2001, the Company reported three segments: ADE Semiconductor Systems Group ("SSG"), ADE Phase Shift ("PST") and ADE Technologies ("ATI"). SSG manufactures and markets metrology and inspection systems to the semiconductor wafer and device manufacturing industries that are used to improve yield and capital productivity. PST manufactures and markets high performance, non-contact surface metrology equipment using advanced interferometric technology that provides enhanced yield management to the data storage, semiconductor and optics industries. ATI manufactures and markets high precision magnetic characterization and non-contact dimensional metrology gaging systems primarily to the data storage industry. Sales of the Company's stand-alone software products and software consulting services were included in the "other" category and are now reported in the SSG segment. Prior year segment information has been recast to conform with the current year presentation. The Company's reportable segments are determined based upon the nature of the products, the external customers and customer industries and the sales and distribution methods used to market the products. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based upon profit or loss from operations. The Company does not measure the assets allocated to the segments. Management fees representing certain services provided by corporate offices have been allocated to each of the reportable segments based upon the usage of those services by each segment. Additionally, other income (loss), the provision for (benefit from) income taxes and the equity in net earnings (losses) of affiliated companies are not included in segment profitability. Sales to JAL, ADE's 50% affiliate, are reflected in segment revenue during the period they are shipped by the respective segment, which can differ from the period the revenue is recognized for consolidated financial reporting purposes. For the reportable segments, intercompany sales are recorded at 60% of the domestic list price of the respective product. F-19 13. SEGMENT, GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION (CONTINUED) SSG PST ATI TOTAL -----

(IN THOUSANDS) FOR THE YEAR ENDED APRIL 30, 2001 Revenue from external customers.....
 81,497 10,711 10,836 \$103,044 Intersegment revenue..... 319 -- 581 900 Loss from
 operations..... 2,996 278 (474) 2,800 Depreciation and amortization expense..... 5,186 318 289
 5,793 Capital expenditures..... 3,184 278 220 3,682 FOR THE YEAR ENDED APRIL 30, 2000
 Revenue from external customers..... \$ 44,965 \$ 6,400 \$ 9,235 \$ 60,600 Intersegment
 revenue..... 1,079 -- 315 1,394 Income (loss) from operations..... (18,541) (1,518) (1,642)
 (21,701) Depreciation and amortization expense..... 5,215 253 412 5,880 Capital
 expenditures..... 6,889 354 266 7,509 FOR THE YEAR ENDED APRIL 30, 1999 Revenue from
 external customers..... \$ 43,223 \$ 7,916 \$ 8,594 \$ 59,733 Intersegment revenue..... 632 --
 456 1,088 Income (loss) from operations..... (32,321) 1,343 (5,107) (36,085) Depreciation and amortization
 expense..... 5,218 16 411 5,645 Capital expenditures..... 7,592 92 75 7,759 Restructuring
 charges..... 2,318 -- -- 2,318 The following is a reconciliation for the above items where aggregate
 reportable segment amounts differ from amounts contained in the Company's consolidated financial statements.
 YEAR ENDED APRIL 30, ----- 2001 2000 1999 ----- (IN THOUSANDS)
 Total external revenue for reportable segments..... \$103,044 \$ 60,600 \$ 59,733 Net impact of revenue recognition
 on sales to affiliate.... (2,861) 1,906 1,152 ----- Total consolidated revenue.....

\$100,183 \$ 62,506 \$ 60,885 ===== Total operating profit (loss) for reportable segments..... \$ 2,800 \$(21,701) \$(36,085) Net impact of intercompany gross profit eliminations and deferred profit on sales to affiliate..... (1,602) 1,565 704 ----- Total consolidated operating profit (loss)..... \$ 1,198 \$(20,136) \$(35,381) ===== Revenue by geographic area is summarized as follows: YEAR ENDED APRIL 30, ----- 2001 2000 1999 ----- (IN THOUSANDS) United States..... \$ 36,583 \$22,372 \$24,723 Japan..... 24,303 16,256 15,809 Taiwan..... 10,226 4,452 4,451 Europe..... 11,196 10,688 7,953 Asia..... 17,875 8,738 7,949 ----- \$100,183 \$62,506 \$60,885

===== F-20 13. SEGMENT, GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION (CONTINUED) Revenue from JAL in fiscal years 2001, 2000 and 1999 totaled \$15,452,000 (15%), \$8,787,000 (14%), and \$9,254,000 (16%), respectively. Revenue from another customer in fiscal years 2001, 2000 and 1999 totaled \$12,318,000 (12%), \$3,825,000 (6%), and \$6,553,000 (11%), respectively. Revenue from a third customer in fiscal 2001, 2000 and 1999 totaled \$7,865,000 (8%) and \$5,635,000 (9%) and \$4,046,000 (7%), respectively. As of April 30, 2001, 2000 and 1999, all of the Company's long-lived assets are located in the United States except for \$350,000, \$269,000, and \$245,000, respectively. 14. INCOME TAXES The provision for (benefit from) income taxes consists of: YEAR ENDED APRIL 30, ----- 2001 2000 1999 ----- (IN THOUSANDS) Current tax expense (benefit): Federal..... \$ 212 \$ -- \$(8,997) Foreign..... 45 82 66 State..... (220) 20 55 ----- 37 102 (8,876) ----- Deferred tax expense (benefit): Federal..... -- -- 445 State..... -- -- (904) ----- (459) ----- \$ 37 \$102 \$(9,335) =====

===== The significant components of deferred tax assets and liabilities consist of the following: 2001 2000 ----- Deferred tax assets: Inventories, due to reserves and additional costs inventoried for tax purposes..... \$ 5,020 \$ 4,417 Acquired in-process research and development and intangibles..... 2,372 2,441 Accrued expenses..... 1,859 1,240 Deferred revenue..... 3,383 2,445 Deferred profit on sales to affiliates..... 728 128 Net operating loss carryforwards..... 9,190 10,238 Bad debt reserve..... 349 239 Depreciation..... 124 -- Other..... 203 76 ----- Gross deferred tax assets..... 23,228 21,224 Deferred tax valuation allowance..... (12,638) (10,396) ----- Net deferred tax assets..... 10,590 10,828 Deferred tax liabilities: Depreciation..... -- (238) ----- Total net deferred tax assets..... \$ 10,590 \$ 10,590 =====

===== F-21 14. INCOME TAXES (CONTINUED) Deferred income taxes reflect the tax impact of temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. Under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the benefit associated with future deductible temporary differences is recognized if it is more likely than not that the benefit will be realized. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. During the year ended April 30, 2001, the Company increased its valuation allowance against deferred tax assets by \$2,242,000, as the full value of its net operating and capital loss carryforwards and temporary differences may not be realized. This increase was based upon weighing all evidence available to management, including a capital loss generated in fiscal 2001 of \$2,079,000 from the sale of one of the Company's investments, current estimates of future taxable income, the cyclicity of the semiconductor and data storage industries and the uncertainty within those markets. The amount of the deferred tax assets considered realizable could materially change in the near term if estimates of future taxable income change or do not materialize. Net operating loss carryforwards generated in fiscal 1999 and 2000 begin to expire in fiscal 2004 for state purposes and in fiscal 2019 for federal purposes. Additionally, a valuation allowance of \$336,000 has been recorded at April 30, 2001 and 2000 to reflect net operating carryforwards which will expire before they can be used due to ownership change limitations. These carryforwards began to expire in the year 2000. Net operating loss carryforwards remaining at April 30, 2001 and 2000, not limited in their use due to ownership changes, totaled \$7,714,000 and \$8,975,000, respectively. Included in the net operating loss carryforwards for April 30, 2001 and 2000 are \$1,634,000 and \$1,698,000, respectively, of state net operating losses that are only available to offset taxable state income. The Company does not provide for taxes which would be payable if undistributed earnings of its foreign affiliates were

remitted because the Company either considers these earnings to be invested for an indefinite period or anticipates that if such earnings were distributed, the U.S. income taxes payable would be substantially offset by foreign tax credits.

The following is a reconciliation between the amount of reported income tax expense (benefit) and the amount computed using the U.S. Federal Statutory rate of 35% for fiscal 2001, 2000 and 1999: YEAR ENDED APRIL 30,

-----	2001	2000	1999	-----	(IN THOUSANDS) Statutory federal		
rate.....	\$ 190	\$ (6,411)	\$(11,170)	State taxes, net of federal benefit.....	(220)	(488)	(566)
Foreign sales corporation benefit.....	--	--	(72)	Research and development tax credits.....	--	--	--
AMT credit carryforwards.....	--	--	(634)	Valuation allowance.....	--	7,060	3,000

Other.....	67	(59)	107	-----	-----	-----	\$ 37	\$ 102	\$ (9,335)	=====	=====
------------	----	------	-----	-------	-------	-------	-------	--------	------------	-------	-------

===== The income tax benefits related to the exercise and disqualifying dispositions of certain stock options reduces taxes currently payable and is credited to additional paid-in capital. Such amount approximated \$115,000 for the year ended April 30, 1999. F-22 15. INCENTIVE SAVINGS AND PROFIT SHARING PLAN The Company has an incentive savings and profit sharing plan covering substantially all employees who wish to participate and meet minimum age and service requirements. Annual Company contributions are determined by the Board of Directors and are limited to the maximum amount deductible under the Internal Revenue Code. Company contributions for fiscal 2001, 2000 and 1999 were approximately \$671,000, \$596,000 and \$726,000, respectively. 16. COMMITMENTS AND CONTINGENCIES The Company leases land and certain buildings, machinery and equipment under operating leases, which expire through 2006. Under the terms of the leases, the Company is responsible for normal maintenance, utility expenses and taxes and pays a monthly property management fee on certain leases. Future minimum lease payments under operating leases, including management fees, are as follows: YEAR ENDING APRIL 30, (IN

THOUSANDS)	-----	2002.....	\$ 772
------------	-------	-----------	--------

2002..... 803 2004..... 731

2005.....	525	2006.....	466
-----------	-----	-----------	-----

Thereafter..... 206 ----- \$3,503 ===== Total rent expense under non-cancelable operating leases was approximately \$826,000, \$1,436,000, and \$1,181,000 for the years ended April 30, 2001, 2000 and 1999, respectively. On October 12, 2000, the Company filed a patent infringement lawsuit against KLA-Tencor (KLA), a competitor, in the U.S. District Court in Delaware. The Company seeks damages and a permanent injunction against further infringement upon United States Patent Number 6,118,525, entitled "Wafer Inspection System for Distinguishing Pits and Particles." On November 22, 2000, KLA filed a counterclaim in the United States District Court in Delaware that ADE has infringed upon three patents owned by KLA. KLA is seeking damages for patent infringement and a permanent injunction against any future infringement activity. In addition, KLA has asked the District Court for a declaration that United States Patent Number 6,118,525, owned by ADE, is invalid and not infringed upon by KLA. Since these matters are at a preliminary stage, the Company cannot predict the outcome or the amount of gain or loss, if any. In addition to the matter noted above, from time to time the Company is subject to legal proceedings and claims in the ordinary course of business. In the opinion of management, the amount of ultimate expense with respect to any other current legal proceedings and claims will not have a material adverse effect on the

Company's financial position or results of operations. 17. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION YEAR ENDED APRIL 30, ----- 2001 2000 1999 ----- CASH PAID DURING THE YEAR Interest..... \$ 695 \$ 728 \$ 620 Income taxes paid (refunds received), net..... \$ (329) \$(8,732) \$(5,885) F-23 FINANCIAL STATEMENT SCHEDULE (IN THOUSANDS) SCHEDULE

II--VALUATION AND QUALIFYING ACCOUNTS AND RESERVES CHARGED TO CHARGED TO
DEDUCTIONS BALANCE AT COSTS AND OTHER AND BALANCE AT DESCRIPTION MAY 1, 1998
EXPENSES ACCOUNTS WRITE-OFFS APRIL 30, 1999 -----

Allowance for doubtful accounts.....	1,805 -- -- (985) 820	Inventory obsolescence.....	4,035 6,167 -- (1,523)
8,679	Deferred tax asset valuation allowance.....	352 3,000 -- (16)	3,336 CHARGED TO CHARGED

TO DEDUCTIONS BALANCE AT COSTS AND OTHER AND BALANCE AT DESCRIPTION MAY 1, 1999
EXPENSES ACCOUNTS WRITE-OFFS APRIL 30, 2000 -----

Allowance for doubtful accounts.....	820 339 -- (530) 629	Inventory obsolescence.....	8,679 -- -- (1,730) 6,949
--------------------------------------	----------------------	-----------------------------	---------------------------

Deferred tax asset valuation allowance..... 3,336 7,060 -- -- 10,396 CHARGED TO CHARGED TO
DEDUCTIONS BALANCE AT COSTS AND OTHER AND BALANCE AT DESCRIPTION MAY 1, 2000

EXPENSES ACCOUNTS WRITE-OFFS APRIL 30, 2001 -----

Edgar Filing: W&T OFFSHORE INC - Form 4

Allowance for doubtful accounts..... 629 291 -- (3) 917 Inventory obsolescence..... 6,949 1,927 -- (727) 8,149
Deferred tax asset valuation allowance..... 10,396 2,242 -- -- 12,638 S-1