

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 15, 1997  
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KLA INSTRUMENTS CORPORATION  
(Exact Name of Registrant as Specified in Charter)

Delaware ----- (State or other jurisdiction of incorporation)	000-09992 ----- (Commission File No.)	04-2564110 ----- (IRS Employer Identification Number)
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160 Rio Robles  
San Jose, CA 95134  
(Address of Principal Executive Offices)

(408) 468-4200  
(Registrant's Telephone Number, Including Area Code)

ITEM 5 OTHER EVENTS.

On April 15, 1997, KLA Instruments Corporation ("KLA") announced earnings for the third quarter ended March 31, 1997.

A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 7 EXHIBITS.

<TABLE>  
<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<S> 99.1	<C> Press Release of KLA dated April 15, 1997 regarding its revenues and earnings per share for its third quarter of fiscal 1997 ended March 31, 1997

</TABLE>

SIGNATURE

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

KLA Instruments Corporation

Dated: April 16, 1997

By: /s/Robert J. Boehlke  
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Robert J. Boehlke  
Vice President Finance and  
Chief Financial Officer

EXHIBIT INDEX

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<C>

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Contact: Robert J. Boehlke  
 Chief Financial Officer  
 160 Rio Robles  
 San Jose, CA 95134  
 (408) 468-6285

## KLA REPORTS OPERATING RESULTS FOR THIRD QUARTER

SAN JOSE, Calif., April 15, 1997 - KLA Instruments Corporation today reported third quarter sales of \$157 million and net income of \$23.7 million compared with sales of \$187 million and net income of \$31.8 million for the third quarter last year. Quarterly earnings per share were \$0.44 this year compared with \$0.61 last year.

New orders for the quarter continued to recover from the September lows and the Company added moderately to its backlog. New order strength was led by continued improvement in the wafer inspection and metrology areas. The wafer business benefited from increases in the number of monitors in place at existing fabrication facilities which accounted for over two-thirds of the new orders for that business. Units at the top 10 fabs increased to more than 8.7 units per fab and for the first time, each of the top 10 fabs had at least 8 units per fab. Multiple system users increased from 147 last quarter to 155 at the end of this quarter. New facility construction in the industry continues to be slower than normal and provided less than one-third of the wafer business new orders.

The E-Beam metrology business booked record new orders and revenues during the quarter. The new KLA 8100 continued to gain market share against competitive alternatives in the U.S., Europe, Japan and Asia Pacific. New orders in the optical metrology business were higher than the prior quarter due to higher demand from the thin film head market.

Geographically, orders in the U.S. were much stronger than the normal 30% of the total because of the preponderance of microprocessor and logic customer activity in the U.S. Orders from Japan were about normal, however, the Asia Pacific and Europe regions were below the normal range.

Gross margins were 52.3% during the quarter, up from the trough recorded during the previous quarter. The E-Beam metrology business recorded substantially higher gross margins as that business began to cover overhead charges more efficiently with higher sales volumes. Additionally, gross margins in all other major business units increased slightly during the quarter.

Operating costs were 32.8% of sales primarily as a result of increases in net R&D spending. Spending increased in the wafer business and the net spending in Rapid was affected by reductions in the amount of external funding of R&D by third parties. Commission expenses for sales in Japan are being phased out by fiscal year end but, nevertheless, accounted for almost \$3 million during the quarter.

The Company's financial position improved again during the quarter. Receivables were about flat on slightly higher sales while inventories declined slightly. These improvements allowed cash and equivalents to increase by \$38 million to a quarter end total of \$418 million.

KLA Instruments is the world's leading manufacturer of yield management and process control systems for the semiconductor industry. The Company's pending merger with Tencor Instruments is scheduled for shareholder votes at both companies on April 30, 1997. If favorable votes are obtained, the new company, KLA-Tencor, will commence business on May 1, 1997, and will continue to trade on the Nasdaq National Market under the symbol "KLAC."

## KLA INSTRUMENTS CORPORATION

<TABLE>  
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 SUMMARY CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended March 31,		Nine Months Ended March 31,
	1996	1997	1996
1997	(In thousands except per share amounts)		

<S>	<C>	<C>	<C>	<C>
Net sales	\$187,494	\$157,761	\$502,320	\$473,586
Costs and expenses:				
Cost of sales	85,215	75,322	227,239	224,508
Engineering, research and development	20,942	22,046	54,599	62,212
Selling, general and administrative	33,655	29,622	90,957	94,368
	-----	-----	-----	-----
	139,812	126,990	372,795	381,088
	-----	-----	-----	-----
Income from operations	47,682	30,771	129,525	92,498
Interest income and other, net	2,306	5,466	10,401	13,190
Interest expense	( 273 )	( 322 )	( 897 )	( 1,125 )
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Income before income taxes	49,715	35,915	139,029	104,563
Provision for income taxes	17,898	12,211	50,051	35,551
	-----	-----	-----	-----
Net income	\$31,817	\$23,704	\$88,978	\$69,012
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Net income per share	\$0.61	\$0.44	\$1.70	\$1.30
	=====	=====	=====	=====
Shares used in computing net income per share	52,170	53,830	52,321	53,014
	=====	=====	=====	=====

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SUMMARY CONSOLIDATED BALANCE SHEET

	June 30, 1996	March 31, 1997
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ASSETS	(In thousands)	
<S>	<C>	<C>
Cash, cash equivalents and marketable securities	\$261,411	\$418,371
Accounts receivable	203,470	122,027
Inventories	132,377	118,289
Other current assets	34,029	42,665
Land, property and equipment, net	71,825	73,428
Other assets	9,660	13,512
	-----	-----
Total Assets	\$712,772	\$788,292
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$169,203	\$170,334
Deferred income taxes	6,320	6,316
Stockholders' equity	537,249	611,642
	-----	-----
Total Liabilities and Stockholders' Equity	\$712,772	\$788,292
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