

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 30, 1997

KLA-TENCOR CORPORATION
(Exact name of registrant as specified in Charter)

DELAWARE ----- (State or other jurisdiction of incorporation)	000-09992 ----- (Commission File Number)	04-2564110 ----- (IRS Employer Identification Number)
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160 RIO ROBLES
SAN JOSE, CALIFORNIA 95134
(Address of Principal Executive Offices)

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

ITEM 2 ACQUISITION OR DISPOSITION ASSETS.

KLA Instruments Corporation, a Delaware corporation ("KLA"), and Tencor Instruments, a California corporation ("Tencor"), entered into an Agreement and Plan of Reorganization, dated as of January 14, 1997 (the "Reorganization Agreement"), among KLA, Tencor and Tiger Acquisition Corp., a wholly owned subsidiary of KLA ("Merger Sub"). In accordance with the Reorganization Agreement, Merger Sub merged into Tencor, Tencor became a wholly-owned subsidiary of KLA, the corporate name of KLA was changed to "KLA-Tencor Corporation" and each outstanding share of the common stock of Tencor, no par value, was converted into one share of the common stock of KLA-Tencor Corporation, \$0.001 par value, as more fully described in the press release filed herewith as Exhibit 99.1.

ITEM 7 FINANCIAL STATEMENTS AND EXHIBITS.

The following financial statements and exhibits are filed as part of this Report, where indicated.

- (a) Financial statements of business acquired, prepared pursuant to Rule 3-05 of Regulation S-X:

Financial statements for the period ended December 31, 1996 are incorporated by reference to the Annual Report on Form 10-K filed by Tencor Instruments on March 10, 1997 (File No. 000-20007).
- (b) Pro forma financial information required pursuant to Article 11 of Regulation S-X:

The pro forma financial information is unavailable as of the date of this filing. Such information will be filed on or before the sixtieth day following the filing date of this Current Report on Form 8-K.
- (c) Exhibits in accordance with Item 601 of Regulation S-K:

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Exhibit No. Description

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2.1 Agreement and Plan of Reorganization, dated as of January 14, 1997, among KLA Instruments Corporation, Tiger Acquisition Corp. and Tencor Instruments. (Incorporated herein by reference to Registrant's Current Report on Form 8-K filed on January 22, 1997, File No. 000-09992.)

2.2 Form of Agreement of Merger between Tencor Instruments and Tiger Acquisition Corp.

99.1 Press release dated April 30, 1997.

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SIGNATURES

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

KLA-TENCOR CORPORATION

Dated: May 2, 1997

By: /s/ Kenneth Levy

Kenneth Levy
Chairman of the Board

AGREEMENT OF MERGER
OF
TIGER ACQUISITION CORP.
AND
TENCOR INSTRUMENTS

This Agreement of Merger, dated as of the 30th day of April, 1997 ("MERGER AGREEMENT"), by and among Tiger Acquisition Corp. ("MERGER SUB"), a California corporation and a wholly owned subsidiary of KLA Instruments Corporation, a Delaware corporation ("KLA"), and Tencor Instruments, a California corporation ("TENCOR" or the "SURVIVING CORPORATION").

RECITALS

A. Tencor was incorporated in the State of California on January 28, 1977, and as of April 25, 1997 had 31,275,109 shares of its Common Stock, no par value, outstanding ("TENCOR COMMON").

B. Merger Sub was incorporated in the State of California on January 9, 1997, and on the date hereof has 1,000 shares of its Common Stock, no par value, outstanding, all of which are owned by KLA.

C. KLA, Merger Sub and Tencor have entered into an Agreement and Plan of Reorganization dated as of January 14, 1997 (the "REORGANIZATION AGREEMENT") providing for certain representations, warranties, covenants and agreements in connection with the transactions contemplated hereby. This Merger Agreement and the Reorganization Agreement are intended to be construed together to effectuate their purpose.

D. The shareholders of Tencor and Merger Sub and the Board of Directors of KLA deem it advisable and in their mutual best interests and in the best interests of the shareholders of Tencor and Merger Sub, respectively, that Merger Sub be merged with and into Tencor (the "MERGER").

E. The Boards of Directors of KLA, Tencor and Merger Sub and the shareholders of Merger Sub and Tencor have approved the Merger. The shareholders of KLA have approved the issuance of shares of Common Stock, par value \$0.001 per share, of KLA ("KLA COMMON") by virtue of the Merger.

AGREEMENTS

The parties hereto hereby agree as follows:

1. Merger Sub shall be merged with and into Tencor, and Tencor shall be the Surviving Corporation.

2. The Merger shall become effective at 4:30 p.m. California time on April 30, 1997 (the "EFFECTIVE TIME").

3. As of the Effective Time, each outstanding share of Common Stock, no par value, of Merger Sub shall be converted into and exchanged for one (1) share of Common Stock, no par value, of the Surviving Corporation.

4. Upon the Effective Time of the Merger, each outstanding share of Tencor Common shall be converted automatically into and exchanged for the right to receive one (1) share of KLA Common ("MERGER CONSIDERATION"), except that all shares of Tencor Common that are owned directly or indirectly by Tencor, KLA or any subsidiary of Tencor or KLA shall be canceled, and no cash or securities of KLA or other consideration shall be delivered in exchange therefor.

5. As of the Effective Time, all certificates representing shares of Tencor Common, issued and outstanding immediately prior to the Effective Time, shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Tencor Common shall cease to have any rights with respect thereto except the right to receive the appropriate portion of the Merger Consideration upon surrender of such certificate.

6. Any shares ("DISSENTING SHARES") of any holder of Tencor Common who has demanded and perfected appraisal rights for such shares in accordance with the California General Corporation Law and who, as of the Effective Time, has not effectively withdrawn or lost such appraisal rights, shall not be converted into Merger Consideration but shall be converted into the right to receive such consideration as may be determined to be due with respect to such Dissenting Shares pursuant to the California General Corporation Law. If, after the Effective Time, any Dissenting Shares shall lose their status as Dissenting Shares, then as of the occurrence of the event which causes the loss of such status, such shares shall be converted into Merger Consideration in accordance

with Section 4 hereof.

7. Notwithstanding any other term or provision hereof, no fraction of a share of KLA Common will be issued by virtue of the Merger, but in lieu thereof each holder of shares of Tencor Common who would otherwise be entitled to a fraction of a share of KLA Common (after aggregating all fractional shares of KLA Common to be received by such holder) shall receive from KLA an amount of cash (rounded to the nearest whole cent) equal to the product of (i) such fraction, multiplied by (ii) the average closing price of a share of KLA Common for the ten most recent days that KLA Common has traded ending on the trading day immediately prior to the Effective Time, as reported on the Nasdaq National Market.

8. The conversion of Tencor Common as provided by this Merger Agreement shall occur automatically at the Effective Time of the Merger without action by the holders thereof. Each holder of Tencor Common shall thereupon be entitled to receive Merger Consideration in accordance with Section 4 hereof. Promptly after the Effective Time, such shareholder shall be entitled to receive certificates that represent the number of shares of KLA Common Stock issuable to such shareholder under this Merger Agreement upon surrender as set forth in the Reorganization Agreement of such shareholder's certificates which immediately prior to the Effective Time represented outstanding shares of Tencor Common Stock.

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No dividends or other distributions on KLA Common declared or made after the Effective Time shall be paid to the holder of any unsurrendered certificate until the holder of record of such certificate shall surrender such certificate. Subject to the effect, if any, of applicable laws, following surrender of any certificate, there shall be delivered to the person entitled thereto, without interest, the amount of dividends theretofore paid with respect to the KLA Common so withheld as of any date subsequent to the Effective Time of the Merger and prior to such date of delivery.

All Merger Consideration and cash paid in accordance with Section 7 hereof delivered upon the surrender for exchange of shares of Tencor Common in accordance with the terms hereof shall be deemed to have been delivered in full satisfaction of all rights pertaining to such Tencor Common. If, after the Effective Time of the Merger, certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Section 8.

9. At the Effective Time of the Merger, the separate existence of Merger Sub shall cease, and Tencor shall succeed, without other transfer, to all of the rights and properties of Merger Sub and shall be subject to all the debts and liabilities thereof in the same manner as if Tencor had itself incurred them.

10. Upon the Merger becoming effective, the Articles of Incorporation of the Surviving Corporation shall be amended in full to read as set forth in Exhibit A attached hereto.

11. (a) Notwithstanding the approval of this Merger Agreement by the shareholders of Tencor and Merger Sub, this Merger Agreement may be terminated at any time prior to the Effective Time of the Merger by mutual agreement of the Boards of Directors of KLA and Tencor, and the shareholders of Tencor.

(b) Notwithstanding the approval of this Merger Agreement by the shareholders of Tencor and Merger Sub, this Merger Agreement shall terminate forthwith in the event that the Reorganization Agreement shall be terminated as therein provided.

(c) In the event of the termination of this Merger Agreement as provided above, this Merger Agreement shall forthwith become void and there shall be no liability on the part of Tencor, KLA or Merger Sub or their respective officers or directors, except as otherwise provided in the Reorganization Agreement.

(d) This Merger Agreement may be signed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one agreement.

(e) This Merger Agreement may be amended by the parties hereto any time before or after approval hereof by the shareholders of Tencor and Merger Sub, but, after such approval, no amendments shall be made which by law require the further approval of such shareholders without obtaining such approval. This Merger Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Merger Agreement as of the date first written above.

TIGER ACQUISITION CORP.

Kenneth Levy, President

Lisa C. Berry, Secretary

TENCOR INSTRUMENTS

Jon D. Tompkins, President

Frederick A. Ball, Secretary

Robert J. Boehlke
Chief Financial Officer
(408) 468-6285
Roberta Emerson (media)
(408) 571-3000

KLA INSTRUMENTS AND TENCOR INSTRUMENTS
OBTAIN SHAREHOLDER APPROVAL FOR MERGER

NEWLY-FORMED KLA-TENCOR CORPORATION IS THE WORLDWIDE LEADER IN
YIELD MANAGEMENT SOLUTIONS FOR THE SEMICONDUCTOR INDUSTRY

San Jose, Calif., April 30, 1997 - KLA Instruments (Nasdaq:KLAC) and Tencor Instruments (Nasdaq:TNCR) jointly announced today that shareholders of both companies have approved the merger agreement. The combined company, KLA-Tencor Corporation, is the worldwide leader in yield management and process control solutions for the semiconductor industry. These solutions include systems, software and consulting expertise for inspection, film measurement and metrology, as well as process data and fab-wide yield analysis.

"The merger between our two strong companies creates an industry leader uniquely positioned to advance the development of systems and technologies that are critical to the growing semiconductor industry," said Kenneth Levy, chairman of the new KLA-Tencor. According to industry research, the process diagnostics market served by KLA-Tencor is one of the fastest growing sectors of the overall semiconductor equipment industry, with a projected compound annual growth rate of 22.5%.

Jon D. Tompkins, chief executive officer of KLA-Tencor, noted that the newly combined company will have greater resources to meet the fast-paced demands of the industry. "KLA-Tencor has a very strong portfolio of proven yield management technologies and expertise. Our focus will now be to integrate and build upon this portfolio, leveraging our resources to accelerate key technology initiatives and enhance global customer support," Tompkins said. "We believe this will further our vision of providing customers with the critical process control and yield enhancement solutions needed to meet their increasingly stringent manufacturing and productivity goals."

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KLA AND TENCOR OBTAIN SHAREHOLDER APPROVAL FOR MERGER - PAGE 2

The merger of the companies was effective 4:30 p.m. PDT, April 30, 1997. Under the merger agreement announced January 14, 1997, each outstanding share of Tencor Common Stock will be exchanged for one share of KLA-Tencor Common Stock. The new shares are traded on the Nasdaq National Market under the symbol KLAC. The merger is expected to qualify as a pooling-of-interests transaction, and the combined company anticipates a one-time charge of approximately \$40 million in the fourth quarter of 1997, for direct merger transaction costs, costs associated with integrating the companies and other merger-related expenses.

In addition to Levy as chairman and Tompkins as CEO, Kenneth L. Schroeder, formerly president and COO of KLA, and Robert J. Boehlke, formerly vice president of finance and administration and CFO of KLA, will hold the same positions for KLA-Tencor.

Joining Levy, Tompkins and Schroeder on the board of directors for KLA-Tencor will be: James W. Bagley, chairman and CEO of Ontrak Systems, Inc.; Edward W. Barnholt, senior vice president and general manager of the Test and Measurement organization of Hewlett-Packard Company; Leo J. Chamberlain, a private investor; Richard J. Elkus, Jr., formerly vice chairman of the board of directors and executive vice president of Tencor; Dean O. Morton, formerly executive vice president, chief operating officer and director of Hewlett-Packard Company; Yoshio Nishi, Ph.D., director of research and development and senior vice president of Semiconductor Group of Texas Instruments, Inc.; Samuel Rubinovitz, former executive vice president of EG&G, Inc.; Dag Tellefsen, general partner of the investment manager of Glenwood Ventures I and II; and Lida Urbanek, wife of Tencor founding president, Karel Urbanek.

KLA-Tencor Corporation employs nearly 4,000 people and sells to leading semiconductor manufacturers worldwide. The company is headquartered in San Jose, Calif., with sales, service and application centers located around the world. KLA-Tencor common stock is traded on the Nasdaq National Market under the symbol KLAC. Additional information on the company and its products is available on the Internet at www.kla-tencor.com.

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(photo available)