

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): August 26, 1996

TEGAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	1-26824	68-0370244
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(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2201 S. McDowell Blvd., P.O. Box 6020, Petaluma CA 94955-6020

(Address of principal executive offices) (Zip Code)

(707) 763-5600

(Registrant's telephone number, including area code)

(former name or former address, if changed since last report)

Item 5. Other Events.

On August 26, 1996, Tegal Corporation issued a press release, a copy of which is attached hereto as Exhibit 99.1. The information contained in such press release is incorporated by reference herein in its entirety.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) The following exhibit is filed as part of this Report:

99.1 Press Release of Tegal Corporation dated August 26, 1996.

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.

Dated: September 4, 1996

TEGAL CORPORATION

By: /s/ David Curtis

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Name: David Curtis  
Title: Vice President, Finance and  
Administration and Chief Financial  
Officer

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EXHIBIT INDEX

Exhibits.

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99.1 Press Release of Tegal Corporation dated August 26, 1996.

EXHIBIT 99.1

[TEGAL LOGO]

NEWS RELEASE

Tegal Corporation  
2201 S. McDowell Blvd., P.O. Box 6020, Petaluma, CA 94955-6020  
Telephone (707) 763-5600 Fax (707) 765-8311

At Tegal Corporation:  
David Curtis  
Vice President, Finance and Administration  
and Chief Financial Officer  
(707) 765-5630

FOR IMMEDIATE RELEASE  
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TEGAL ANNOUNCES REDUCTION IN WORKFORCE

PETALUMA, Calif., August 26, 1996--Tegal Corporation (Nasdaq: TGAL) announced today that it will reduce its global workforce by approximately 12 percent.

"The semiconductor capital equipment industry has experienced a slowdown of orders due to excess capacity and that slowdown is also affecting Tegal," noted Robert V. Hery, Chairman, President and CEO. "As a result, Tegal has found it necessary to adjust its employment to its current level of business. A reduction in force is a painful decision to make, but a necessary one in light of the current outlook. Given this outlook, we expect quarter to quarter revenues and earnings to decline below current analyst estimates, beginning this quarter and that these declines will be commensurate with what is happening in the industry as a whole," concluded Hery.

Tegal Corporation, headquartered in Petaluma, California, is a leading designer and manufacturer of plasma etch systems used in the production of integrated circuits (ICs). Etching is a key process and must be performed multiple times in the production of an IC. Tegal markets and services its systems in all major regions of the world in which ICs are manufactured.

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TEGAL ANNOUNCES REDUCTION IN WORKFORCE

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CAUTIONARY STATEMENT

The forward-looking statements in the above news release relate to the near-term semiconductor capital equipment industry outlook, demand for the Company's products, the Company's quarterly revenue prospects for the next two or three quarters and other matters contained in such news release. Such statements are based on concurrent expectations and beliefs and involve a number of uncertainties and risks that could cause the actual results to differ materially from those projected. Such uncertainties and risks include, but are not limited to, recent weakening of demand for semiconductor manufacturing equipment, particularly for equipment procured for capacity additions such as the Company's non-critical etch systems, the cyclicity of the semiconductor industry, dependence on recently introduced systems for the critical etch markets, impediments to customer acceptance, fluctuations in quarterly operating results, competitive pricing pressures, the introduction of competitive products having technological and/or pricing advantages, the importance of "Mix and Match" purchasing philosophy to non-critical etch system sales, product volume and mix and other risks detailed from time to time in the Company's SEC reports. For further information, refer to the business description and additional risk factors sections included in the Company's Form 10-K for the year ended March 31, 1996, as filed with Security and Exchange Commission.

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