
UNITED STATES
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):

February 7, 2008

MKS Instruments, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction
of incorporation)

000-23621

(Commission
File Number)

04-2277512

(I.R.S. Employer
Identification No.)

90 Industrial Way, Wilmington, Massachusetts

(Address of principal executive offices)

01887

(Zip Code)

Registrant's telephone number, including area code:

978-284-4000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On February 7, 2008, MKS Instruments, Inc. announced its financial results for the quarter and year ended December 31, 2007. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 of the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release dated February 7, 2008.

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.

MKS Instruments, Inc.

February 7, 2008

By: */s/ Ronald C. Weigner*

Name: Ronald C. Weigner

Title: VP & CFO

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------------------------|
| 99.1 | Press Release dated February 7, 2008 |

Contact: Ronald C. Weigner
Vice President and Chief Financial Officer
Telephone: 978.284.4000

MKS Instruments Reports Fourth Quarter and

Full Year 2007 Financial Results

Wilmington, Mass., February 7, 2008 — MKS Instruments, Inc. (NASDAQ: MKSI), a global provider of technologies that enable advanced processes and improve productivity, today reported fourth quarter and full year 2007 financial results.

Fourth Quarter Financial Results

Sales were \$184.1 million, up 2 percent from \$181.0 million in the third quarter of 2007 and down 8 percent from \$199.9 million in the fourth quarter of 2006.

Net income was \$15.2 million, or \$0.27 per diluted share, compared to \$21.4 million, or \$0.37 per diluted share, in the third quarter of 2007 and \$26.5 million, or \$0.47 per diluted share, in the fourth quarter of 2006.

Non-GAAP net earnings, which exclude amortization of acquired intangible assets and special items, totaled \$18.6 million, or \$0.33 per diluted share, compared to \$22.0 million, or \$0.38 per diluted share, in the third quarter of 2007 and \$25.9 million, or \$0.46 per diluted share, in the fourth quarter of 2006.

Full Year Results

Net sales were \$780.5 million compared to \$782.8 million in 2006. Net income was \$86.4 million, or \$1.51 per diluted share, compared to \$94.2 million, or \$1.68 per diluted share, in 2006. Non-GAAP net earnings totaled \$95.6 million, or \$1.67 per diluted share, compared to \$102.3 million, or \$1.83 per diluted share, in 2006.

The financial results that exclude certain charges and special items are not in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). MKS' management believes the presentation of non-GAAP financial measures, which exclude costs associated with acquisitions and special items, is useful to investors for comparing prior periods and analyzing ongoing business trends and operating results.

Leo Berlinghieri, Chief Executive Officer and President, said, "We exceeded our expectations for the fourth quarter, and achieved better than expected sales to semiconductor OEMs, and higher sequential sales to semiconductor fabs and non-semiconductor markets.

"Our strategy is to leverage our broad portfolio of semiconductor technology in other markets such as solar, flat panel display and greenhouse gas emissions monitoring for higher growth and to reduce the impact of semiconductor cyclicality. Our results for the fourth quarter and the year demonstrate that this strategy is working.

"While we are quite optimistic about our long term growth opportunities, we remain cautious about the near term outlook, with market conditions still unclear. Looking ahead to the first quarter, we expect sales could range from \$180 to \$190 million. Net income could range from \$0.24 to \$0.31 per diluted share on 55.1 million shares outstanding, and non-GAAP net earnings could range from \$0.28 to \$0.35 per diluted share."

Management will discuss fourth quarter and full year financial results on a conference call today at 8:30 a.m. (Eastern Time). Dial-in numbers are 1-800-257-7087 for domestic callers and 303-262-2137 for international callers. The call will be broadcast live and available for replay at www.mksinstruments.com. To hear a telephone replay through February 14, 2008, dial 303-590-3000, pass code 11107172#.

MKS Instruments, Inc. is a global provider of instruments, subsystems and process control solutions that measure, control, power, monitor and analyze critical parameters of advanced manufacturing processes to improve process performance and productivity. Our products are derived from our core competencies in pressure measurement and control, materials delivery, gas composition analysis, electrostatic charge management, control and information technology, power and reactive gas generation, and vacuum technology. Our primary served markets are manufacturers of capital equipment for semiconductor devices, and for other thin film applications including flat panel displays, solar cells, data storage media, and other advanced coatings. We also leverage our technology in other markets with advanced manufacturing applications including medical equipment, pharmaceutical manufacturing, and energy generation and environmental monitoring.

This release contains projections or other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27 of the Securities Act, and Section 21E of the Securities Exchange Act regarding MKS' future growth and the future financial performance of MKS. These projections or statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements set forth herein. Among the important factors that could cause actual events to differ materially from those in the projections or other forward-looking statements are the

fluctuations in capital spending in the semiconductor industry, fluctuations in net sales to MKS' major customers, potential fluctuations in quarterly results, the challenges, risks and costs involved with integrating the operations of MKS and any acquired companies, dependence on new product development, rapid technological and market change, acquisition strategy, manufacturing and sourcing risks, volatility of stock price, international operations, financial risk management, and future growth subject to risks. Readers are referred to MKS' filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K, for a discussion of these and other important risk factors concerning MKS and its operations. MKS is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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MKS Instruments, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share data)

| | Three Months Ended | | |
|--|--------------------|-------------------|--------------------|
| | December 31, 2007 | December 31, 2006 | September 30, 2007 |
| Net sales | \$184,063 | \$199,895 | \$181,014 |
| Cost of sales | 108,066 | 112,638 | 104,416 |
| Gross profit | 75,997 | 87,257 | 76,598 |
| Research and development | 18,361 | 18,018 | 17,159 |
| Selling, general and administrative | 32,251 | 34,621 | 32,494 |
| Amortization of acquired intangible assets | 4,091 | 4,020 | 3,877 |
| Purchase of in-process technology | 900 | — | — |
| Income from operations | 20,394 | 30,598 | 23,068 |
| Impairment of investments | (1,457) | — | — |
| Interest income, net | 3,592 | 2,797 | 4,010 |
| Income before income taxes | 22,529 | 33,395 | 27,078 |
| Provision for income taxes | 7,368 | 6,902 | 5,696 |
| Net income | <u>\$ 15,161</u> | <u>\$ 26,493</u> | <u>\$ 21,382</u> |
| Net income per share: | | | |
| Basic | \$ 0.27 | \$ 0.47 | \$ 0.38 |
| Diluted | \$ 0.27 | \$ 0.47 | \$ 0.37 |
| Weighted average shares outstanding: | | | |
| Basic | 55,415 | 55,914 | 56,809 |
| Diluted | 55,946 | 56,561 | 57,482 |
| The following supplemental Non-GAAP earnings information is presented to aid in understanding MKS' operating results: | | | |
| GAAP net income | \$ 15,161 | \$ 26,493 | \$ 21,382 |
| Adjustments (net of tax, if applicable): | | | |
| Amortization of acquired intangible assets | 4,091 | 4,020 | 3,877 |
| Purchase of in-process technology | 900 | — | — |
| Benefit for income taxes (Note 1) | — | (3,129) | (1,847) |
| Tax effect of adjustments | (1,507) | (1,481) | (1,427) |
| Non-GAAP net earnings (Note 2) | <u>\$ 18,645</u> | <u>\$ 25,903</u> | <u>\$ 21,985</u> |
| Non-GAAP net earnings per share (Note 2) | <u>\$ 0.33</u> | <u>\$ 0.46</u> | <u>\$ 0.38</u> |
| Weighted average shares outstanding — diluted | 55,946 | 56,561 | 57,482 |

Note 1: The three month period ended September 30, 2007 includes a benefit of \$1,847 attributable to a discrete tax matter related to our research and development tax credits. The three month period ended December 31, 2006 includes a net benefit of \$3,129 primarily attributable to the impact on prior quarters of the retroactive extension of the R&D tax credit from January 1, 2006 through December 31, 2006 and to a reduction of the valuation allowance on state tax credits.

Note 2: The Non-GAAP net earnings and Non-GAAP net earnings per share amounts exclude amortization of acquired intangible assets, acquisition and disposition related charges and special items, net of applicable income taxes.

MKS Instruments, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share data)

| | Twelve Months Ended December 31, | |
|--|----------------------------------|-----------|
| | 2007 | 2006 |
| Net sales | \$780,487 | \$782,801 |
| Cost of sales | 449,000 | 444,679 |
| Gross profit | 331,487 | 338,122 |
| Research and development | 72,170 | 69,702 |
| Selling, general and administrative | 135,249 | 127,703 |
| Amortization of acquired intangible assets | 16,183 | 17,376 |
| Purchase of in-process technology | 900 | 800 |
| Income from operations | 106,985 | 122,541 |
| Impairment of investments | (1,457) | — |

| | | |
|--------------------------------------|------------------|------------------|
| Interest income, net | 14,488 | 8,400 |
| Income before income taxes | 120,016 | 130,941 |
| Provision for income taxes | 33,656 | 36,706 |
| Net income | <u>\$ 86,360</u> | <u>\$ 94,235</u> |
| Net income per share: | | |
| Basic | \$ 1.53 | \$ 1.70 |
| Diluted | \$ 1.51 | \$ 1.68 |
| Weighted average shares outstanding: | | |
| Basic | 56,349 | 55,395 |
| Diluted | 57,173 | 55,961 |

The following supplemental Non-GAAP earnings information is presented to aid in understanding MKS' operating results:

| | | |
|---|------------------|-------------------|
| GAAP net income | \$ 86,360 | \$ 94,235 |
| Adjustments (net of tax, if applicable): | | |
| Amortization of acquired intangible assets | 16,183 | 17,376 |
| Purchase of in-process technology | 900 | 800 |
| Benefit for income taxes (Note 1) | (1,847) | (3,730) |
| Tax effect of adjustments | <u>(5,962)</u> | <u>(6,370)</u> |
| Non-GAAP net earnings (Note 2) | <u>\$ 95,634</u> | <u>\$ 102,311</u> |
| Non-GAAP net earnings per share (Note 2) | <u>\$ 1.67</u> | <u>\$ 1.83</u> |
| Weighted average shares outstanding — diluted | 57,173 | 55,961 |

Note 1: The twelve month period ended December 31, 2007 includes a benefit of \$1,847 attributable to a discrete tax matter related to our research and development tax credits. The twelve month period ended December 31, 2006 includes a net benefit of \$3,730 primarily attributable to certain discrete tax matters related to our international operations and to a reduction of the valuation allowance on state tax credits.

Note 2: The Non-GAAP net earnings and Non-GAAP net earnings per share amounts exclude amortization of acquired intangible assets, acquisition and disposition related charges and special items, net of applicable income taxes.

MKS Instruments, Inc.
Unaudited Consolidated Balance Sheet
(In thousands)

| | December 31, 2007 | December 31, 2006 |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash and short-term investments | \$ 323,765 | \$ 289,957 |
| Trade accounts receivable | 107,504 | 123,658 |
| Inventories | 150,731 | 149,820 |
| Other current assets | 27,980 | 28,003 |
| Total current assets | <u>609,980</u> | <u>591,438</u> |
| Property, plant and equipment, net | 81,365 | 79,463 |
| Long-term investments | — | 2,816 |
| Goodwill | 337,473 | 323,973 |
| Other acquired intangible assets | 36,141 | 43,104 |
| Other assets | 11,301 | 2,926 |
| Total assets | <u>\$1,076,260</u> | <u>\$1,043,720</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Short-term debt | \$ 20,203 | \$ 23,021 |
| Accounts payable | 28,683 | 38,541 |
| Accrued expenses and other liabilities | 46,859 | 68,335 |
| Total current liabilities | <u>95,745</u> | <u>129,897</u> |
| Long-term debt | 5,871 | 6,113 |
| Other long-term liabilities | 20,635 | 6,491 |
| Stockholders' equity: | | |
| Common stock | 113 | 113 |
| Additional paid-in capital | 685,465 | 680,164 |
| Retained earnings | 255,244 | 210,877 |
| Other stockholders' equity | 13,187 | 10,065 |
| Total stockholders' equity | <u>954,009</u> | <u>901,219</u> |
| Total liabilities and stockholders' equity | <u>\$1,076,260</u> | <u>\$1,043,720</u> |