FORM 10-K

VARIAN MEDICAL SYSTEMS INC - VAR

Filed: December 21, 1994 (period: September 30, 1994)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)
For the fiscal year ended September 30, 1994

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
For the transistion period from -------- to --------

COMMISSION FILE NUMBER: 1-7598

EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER:

VARIAN ASSOCIATES, INC.

STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION:	IRS EMPLOYER IDENTIFICATION NO.:
DELAWARE	94-2359345

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES:
3050 Hansen Way, Palo Alto, California 94304-1000
(415) 493-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $1 par value	New York Stock Exchange Pacific Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange Pacific Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G)OF THE ACT:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES /X/ NO / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the Registrant's voting stock held by non-affiliates as of December 1, 1994 was $1,155,602,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of December 1, 1994: 33,933,000 shares of $1 par value common stock.

An index of exhibits filed with this Form 10-K is located on pages 22 through 23.

DOCUMENTS INCORPORATED BY REFERENCE:

DOCUMENT DESCRIPTION	10-K PART
Certain sections, identified by caption and page number, of the Registrant's Annual Report to Stockholders for the fiscal year ended September 30, 1994 (the "Annual Report")	I, II, IV
Certain sections, identified by caption, of the Proxy Statement for	

Registrant's 1995 Annual Meeting of Stockholders (the "Proxy Statement") III

PART I

Item 1. Business

Varian Associates, Inc. together with its subsidiaries (hereinafter referred to as the "Company" or the "Registrant") is a high- technology enterprise which was founded in 1948. It is engaged in the research, development, manufacture, and marketing of products and services for the fields of communications, health care, industrial production, scientific and industrial research, defense, and environmental monitoring. The Company's principal products are health care systems, analytical instruments, semiconductor production equipment, and electron devices. Its foreign subsidiaries engage in some of the aforementioned businesses and market the Company's products outside the United States. As of September 30, 1994, the Company employed approximately 8,100 people worldwide.

The Company sells its products throughout the world and has 37 field sales offices in the U.S. and 52 sales offices in other countries. In general, its markets are quite competitive, characterized by the application of advanced technology and by the development of new products and applications. Many of the Company's competitors are large, well-known manufacturers, and no reliable information is generally available on their sales of similar products.

There were no material changes in the kinds of products produced or in the methods of distribution since the beginning of the fiscal year. The Company anticipates adequate availability of raw materials.

The Company's sales to customers outside of the U.S. for 1994 were $732 million. The profitability of such sales is subject to greater fluctuation than U.S. sales because of generally higher marketing costs and changes in the relative value of currencies. Additional information concerning the method of accounting for the Company's foreign currency translation is set forth under the caption "Foreign Currency Translation" on page 26 of the Annual Report, which information is incorporated herein by reference.

The Company's operations are grouped into four segments. These segments, their products, and the markets they serve are described in the following paragraphs.

The Health Care Systems business manufactures and markets linear accelerators, cancer treatment planning systems, and data management systems for radiotherapy centers. It also designs and manufactures a wide range of X-ray generating tubes for the medical diagnostic imaging market worldwide. Linear accelerators are used in cancer therapy and for industrial radiographic applications. The Company's leading CLINAC(R) series of medical linear accelerators, marketed to hospitals and clinics worldwide, generates therapeutic X-rays and electron beams for cancer treatment. LINATRON(R) linear accelerators are used in industrial applications to X-ray heavy metallic structures for quality control. The Company is active in four primary medical X-ray imaging market segments: CT scanner; diagnostic radiographic/fluoroscopic; special procedures; and mammography. Backlog for the Health Care Systems business amounted to $281 million and $274 million in fiscal 1994 and 1993, respectively.

Item 1. (continued)

The Instruments business manufactures, sells, and services a variety of scientific instruments for analyzing chemical substances including metals, inorganic materials, organic compounds, polymers, natural substances, and biochemicals. The products include liquid and gas chromatographs, gas chromatograph/mass spectrometers, NMR spectrometers, ultraviolet visible-near infrared spectrometers, atomic absorption spectrometers, inductively coupled plasma spectrometers, inductively coupled plasma/mass spectrometers, data systems, and small, disposable tools used to prepare chemical samples for analysis. Typical applications are biochemical and organic chemical research, measurement of the chemical composition of mixtures, studies of the chemical structure of pure compounds, quality control of manufactured materials, chemical analysis of natural products, and environmental monitoring and measurement. The major markets served are environmental laboratories; pharmaceutical and chemical industries; chemical, life science, and academic research; government laboratories; and specific areas of the health care industry. Backlog for this business amounted to $78 million and $84 million in fiscal 1994 and 1993, respectively.

The Company's Semiconductor Equipment business manufactures processing systems which are essential to making integrated circuits. A world leader in the development, manufacture, and application of ion implantation and sputter-coating systems, Varian equipment is operating in every major wafer fabrication facility in the world, and its latest models are being used to develop tomorrow's state- of-the-art devices. Backlog for this business amounted to $245 million and $105 million in fiscal 1994 and 1993, respectively. The discontinuance of the semiconductor equipment distribution agreement with Tokyo Electron Limited in the U.S. and Europe was completed as planned effective September 30, 1994. Semiconductor equipment orders and sales growth will be moderated by discontinuation of the distribution of TEL products. The impact on Semiconductor Equipment earnings is expected to be minimal under the terms of the termination, which includes payments to the Company for certain future TEL sales.

The Company's Electron Devices business holds world leadership positions in microwave tube and power amplifiers used in satellite communications, radar, radio and television broadcasting, and other communications applications, as well as electronic countermeasures and medical diagnostics. Approximately one-third of the segment's sales are for defense applications, including electronic countermeasures, radar, and missile guidance. About one-half of its sales are for communication applications, including radio and television broadcasting and satellite communications. Industrial markets are also served. Replacements and spares represent approximately 40 percent of the tube sales, particularly those used for communications and defense applications. Backlog for this segment amounted to $155 million and $142 million in fiscal 1994 and 1993, respectively. On October 20, 1994, the Company announced that it will seek a buyer for the Electron Devices operations. The sale will not go forward unless the selling price recognizes the increased profitability and improving value attained in the business in recent years.

Additional information regarding the Company's lines of business and international operations are incorporated herein by reference from the information provided under the captions "Industry Segments" and "Geographic Segments" on pages 34-35 of the Annual Report.

The Company maintains in-house patent attorneys, holds numerous patents in the United States and in other countries, and has many patent applications pending in the U.S. and in other countries. The Company considers the development of patents through creative research and the maintenance of an active patent program to be advantageous in the conduct of its business, but does not regard the holding of patents as essential to its operations. The Company grants licenses to reliable manufacturers on various terms and cross-licensing arrangements with other parties. Information regarding the Company's research and development costs is incorporated herein by reference from the information provided under the caption "Research and Development" on page 28 of the Annual Report.

The Company's operations are subject to various federal, state and/or local laws regulating the discharge of materials to the environment or otherwise relating to the protection of the environment. The Company is also involved in various stages of environmental investigation and/or remediation under the direction of or in consultation with federal, state and/or local agencies at certain current or former Company facilities (see the information provided under the captions "Management's Discussion and Analysis" and "Contingencies" on pages 19-20 and 33, respectively, of the Annual Report, which information is incorporated herein by reference). The Company has established reserves for these matters, which reserves management believes are adequate. Based on information currently available, management believes that the Company's compliance with laws which have been adopted regulating the discharge of materials to the environment or relating to the protection of the environment is otherwise not reasonably likely to have a material adverse effect on the capital expenditures, earnings or competitive position of the Company. Also, estimated capital expenditures for environmental control facilities are not expected to be material in fiscal 1995, nor are they expected to be material in fiscal 1996.

Executive Officers of the Registrant

The following table sets forth the names and ages of the Registrant's executive officers, together with positions and offices held within the last five years by such executive officers. Officers are appointed to serve until the meeting of the Board of Directors following the next Annual Meeting of Stockholders and until their successors have been elected and have qualified. Ages are as of December 19, 1994.

Name	Age	Position	Term
J. Tracy O'Rourke	59	Chairman of the Board and Chief Executive Officer	1990-Present
(Director)		Executive Vice President and Chief Operating Officer, Rockwell International Corporation (a diversified electronics company)	1989-1990
Richard A. Aurelio	50	Executive Vice President	1992-Present
		President, Semiconductor Equipment	1991-1992
		Executive Vice President, ASM Lithography (a semiconductor manufacturing company)	1987-1991

Item 1. (continued)

Allen J. Lauer	57	Executive Vice President	1990-Present
		Senior Vice President and President, Instruments	1989-1990
Richard M. Levy	56	Executive Vice President	1990-Present
		Senior Vice President and President, Medical Equipment	1989-1990
Al D. Wilunowski	48	Executive Vice President	1990-Present
		Vice President and President, Electron Devices	1989-1990
Timothy E. Guertin	45	Corporate Vice President	1992-Present
		President, Medical Equipment	1990-Present
		General Manager, Medical Equipment	1989-1990
Allen K. Jones	47	Vice President	1991-Present
		Treasurer	1990-Present
		Director, Investor Relations and Financial Services	1987-1990
Robert A. Lemos	53	Vice President, Finance and Chief Financial Officer	1986-Present
Joseph B. Phair	47	Secretary	1991-Present
		Vice President and General Counsel	1990-Present
		Associate General Counsel and Director, Legal Department Operations	1987-1990
Wayne P. Somrak	49	Vice President	1991-Present
		Controller	1985-Present

There is no family relationship between any of the executive officers.

Item 2. Properties

The Company's executive offices and principal research and manufacturing facilities are located in Palo Alto, California, on 71 acres of land held under leaseholds which expire in the years 2012 through 2058. These facilities are owned by the Company, and provide floor space totaling 1,160,000 square feet. The following is a summary of the Company's properties at September 30, 1994:

	Land (Acres)		Buildings (000's Sq. Ft.)	
	Owned	Leased	Owned	Leased
United States	142	91	2,446	559
International	35	6	422	331
	177	97	2,868	890

Utilization of facilities by segment is shown in the following table:

	Buildings (000's Sq. Ft.)				
	Manufacturing, Administrative and Research & Development				
	U.S.	Non-U.S.	Total	Marketing and Service	Total
Health Care Systems	419	40	459	171	672
Instruments	299	192	491	364	855
Semiconductor Equipment	286	41	327	139	466
Electron Devices	912	110	1,022	59	1,039

Other Operations	50	0	50	0	50
Total Operations	1,966	383	2,349	733	3,082
Other					676
Total					3,758

Other Operations includes manufacturing support.

The capacity of these facilities is sufficient to meet current demand. The Company owns substantially all of the machinery and equipment in use in its plants. It is the Company's policy to maintain its plants and equipment in excellent condition and at a high level of efficiency.

Item 2. (continued)

Manufacturing sites by geographical location are as follows:

Health Care Systems	California, Illinois, South Carolina, Utah, England, Finland, Switzerland
Instruments	California, Massachusetts, Australia, Italy
Semiconductor Equipment	California, Massachusetts, Korea
Electron Devices	California, Massachusetts, Arizona, Canada

Company-owned and staffed sales offices throughout the world are located in North and South America: Brazil, Canada, Mexico, United States; Europe: Austria, Belgium, Denmark, France, Italy, the Netherlands, Spain, Sweden, Switzerland, Finland, England, Germany; and Pacific Basin: Australia, People's Republic of China, Hong Kong, India, Japan, Korea, Singapore.

Item 3. Legal Proceedings

Information required by this Item is incorporated herein by reference from the information provided under the caption "Contingencies" on page 33 of the Annual Report.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The information required by this Item is incorporated herein by reference from the information provided under the caption "Common Stock Prices (Unaudited)" on page 36 of the Annual Report, and the information provided under the caption "Long-Term Debt" on page 29 of the Annual Report.

The Company's common stock is listed on the New York and Pacific Stock Exchanges under the trading symbol VAR.

There were 6,253 holders of record of the Company's common stock on December 1, 1994.

ITEM 6. SELECTED FINANCIAL DATA

	FISCAL YEARS				
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	1994	1993	1992	1991	1990
SUMMARY OF OPERATIONS					
Sales	$ 1,552.5	1,311.0	1,288.0	1,377.9	1,264.8
Earnings from Continuing Operations before Taxes	$ 128.0	73.9	62.3	92.8	20.7
Taxes on earnings	$ 48.6	28.1	23.7	35.3	8.1
Earnings from Continuing Operations	$ 79.4	45.8	38.6	57.5	12.6
Loss from Discontinued Operations, Net of Benefits	$ -	-	-	-	(16.7)
Earnings (Loss) before Cumulative Effect of	79.4	45.8	38.6	57.5	(4.1)

Change in Accounting for Income Taxes					
Cumulative Effect of Accounting Change	$ -	-	-	(7.8)	-
NET EARNINGS (LOSS)	$ 79.4	45.8	38.6	49.7	(4.1)
EARNINGS (LOSS) PER SHARE - FULLY DILUTED					
Earnings Continuing Operations	$ 2.22	1.26	1.02	1.47	0.32
Loss Discontinued Operations	$ -	-	-	-	(0.42)
Earnings (Loss) Per Share Before Cumulative Effect of Change in Accounting for Income Taxes	$ 2.22	1.26	1.02	1.47	(0.10)
Cumulative Effect of Accounting Change	$ -	-	-	(0.20)	-
NET EARNINGS (LOSS) PER SHARE	$ 2.22	1.26	1.02	1.27	(0.10)
DIVIDENDS DECLARED PER SHARE	$ 0.230	0.195	0.175	0.153	0.130
FINANCIAL POSITION AT YEAR END					
Total assets	$ 962.4	878.7	878.7	869.8	923.6
Long-term debt (excluding current portion)	$ 60.4	60.5	49.7	68.0	76.8

Note: Certain amounts in prior years have been restated to reflect discontinued operations.

This selected financial data should be read in conjunction with the related consolidated financial statements and notes thereto, incorporated herein by reference pursuant to Item 8.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this Item is incorporated herein by reference from the information provided under the caption "Management's Discussion and Analysis" on pages 19-20 of the Annual Report.

Item 8. Financial Statements and Supplementary Data

The information required by this Item is incorporated herein by reference from the Report of Independent Accountants on page 37 of the Annual Report and the Consolidated Financial Statements, Notes to the Consolidated Financial Statements, and Supplementary Data on pages 22-36 of the Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Part III

Item 10. Directors and Executive Officers of the Registrant

The information required by this Item with respect to the Company's executive officers is incorporated herein by reference from the information under Item 1 of Part I of this Report. The information required by this Item with respect to the Company's directors is incorporated herein by reference from the information provided under the caption "Election of Directors" of the Proxy Statement which will be filed with the Commission. The information required by Item 405 of Regulation S-K is incorporated herein by reference from the information provided under the caption "Securities Exchange Act of 1934" of the Proxy Statement.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference from the information provided under the caption "Certain Executive Officer Compensation and Other Information" of the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated herein by reference from the information provided under the caption "Stock Ownership of Certain Beneficial Owners" of the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated herein by reference from the information provided under the captions "Management Indebtedness and Certain Transactions", "Change in Control Arrangements" and "Arrangement with Mr. Wilunowski" of the Proxy Statement.

Part IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents are filed as a part of this report:

(1) Financial Statements: The following financial statements of the Registrant and its subsidiaries, and Report of Independent Accountants, are incorporated herein by reference from pages 22 through 35, and page 37 of the Annual Report:

Consolidated Financial Statements:

Consolidated Statements of Earnings for fiscal years 1994, 1993, and 1992

Consolidated Balance Sheets at fiscal year-end 1994 and 1993

Consolidated Statements of Stockholders' Equity for fiscal years 1994, 1993, and 1992

Consolidated Statements of Cash Flows for fiscal years 1994, 1993, and 1992

Notes to the Consolidated Financial Statements

Report of Independent Accountants

Item 14. (continued)

(2) Financial Statement Schedules: The following financial statement schedules of the Registrant and its subsidiaries for fiscal years 1994, 1993, and 1992, and the related Reports of Independent Accountants are filed as a part of this Report and should be read in conjunction with the Consolidated Financial Statements of the Registrant and its subsidiaries which are incorporated herein by reference.

Schedule		Page
--	Report of Independent Accountants on Financial Statement Schedules	15
II	Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees other than Related Parties	16
V	Property, Plant and Equipment	17
VI	Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment	18
VIII	Valuation and Qualifying Accounts	19
IX	Short-Term Borrowings	20
X	Supplementary Income Statement Information	21

All other required schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or the notes thereto.

(3) Exhibits:

3-a Registrant's Restated Certificate of Incorporation, dated June 26, 1987 (incorporated herein by reference to

Registrant's Form 10-K for the year ended October 1, 1993).

3-b	Registrant's Bylaws, dated May 15, 1992 (incorporated herein by reference to the Registrant's Form 10-K for the year ended October 2, 1992).
4	Registrant's Rights Agreement with the First National Bank of Boston, dated August 25, 1986, and Amendment No. 1 dated July 7, 1989 (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.1	Registrant's Omnibus Stock Plan (incorporated herein by reference to Exhibit 4 to the Registration Statement on Form S-8; File No. 33-4-0460).

Item 14 (continued)

10.2	Registrant's 1982 Non-Qualified Stock Option Plan (incorporated herein by reference to Exhibit 4.6 to the Registration Statement on Form S-8; File No. 33-33660).
10.3	Registrant's Restricted Stock Plan (incorporated herein by reference to Exhibit 4 to the Registration Statement on Form S-8; File No. 33-33661).
10.4	Registrant's Management Incentive Plan (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.5	Registrant's Supplemental Retirement Plan (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.6	Registrant's form of Indemnity Agreement with Directors and Executive Officers (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.7	Registrant's form of Change in Control Agreement with Executive Officers other than the Chief Executive Officer (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.8	Registrant's Change in Control Agreement with J. Tracy O'Rourke (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.9	Description of Certain Compensatory Arrangements between Registrant and Directors (incorporated herein by reference to Registrant's Form 10-Q for the quarter ended December 31, 1993).
10.10	Description of Certain Compensatory Arrangements between Registrant and Executive Officers.
10.11	Description of Certain Relocation Arrangements between Registrant and Executive Officers (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.12	Registrant's November 14,1994 Incentive and Separation Agreement with Al D. Wilunowski.(1)
11	Computation of earnings per share.

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(1) Confidential treatment is being requested for portions of this exhibit.

13	Registrant's 1994 Annual Report to Stockholders (furnished for the information of the Securities and Exchange Commission only and not deemed to be filed except for those portions expressly incorporated by reference herein).
21	Subsidiaries of the Registrant.
23	Consent of Independent Accountants.
24	Power of Attorney by directors of the Company authorizing certain persons to sign this Annual Report on Form 10-K on their behalf.
27	Financial Data Schedule

(b) Reports on Form 8-K:
No reports on Form 8-K were filed during the fiscal quarter ended September 30, 1994.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Varian Associates, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VARIAN ASSOCIATES, INC.
(Registrant)

Dated: December 7, 1994 By: /s/ Robert A. Lemos

Robert A. Lemos
Vice President, Finance
and Chief Financial Officer

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 registrant and in the capacities and on the dates indicated below.

Signature	Title	Date
/s/ J. Tracy O'Rourke J. Tracy O'Rourke	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	December 9, 1994
/s/ Robert A. Lemos Robert A. Lemos	Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	December 7, 1994
/s/ Wayne P. Somrak Wayne P. Somrak	Vice President and Controller (Principal Accounting Officer)	December 7, 1994
Ruth M. Davis *	Director	
Samuel Hellman *	Director	
Terry R. Lautenbach *	Director	
Angus A. MacNaughton *	Director	
David W. Martin, Jr.*	Director	
John G. McDonald *	Director	
William F. Miller *	Director	
Gordon E. Moore *	Director	
David E. Mundell *	Director	

Donald O. Pederson * Director
Philip J. Quigley Director
Burton Richter * Director
Paul G. Stern * Director
Richard W. Vieser * Director

* By /s/ Robert A. Lemos December 7, 1994

Robert A. Lemos, Attorney-in-Fact **

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** By authority of powers of attorney filed herewith.

Report of Independent Accountants on

Financial Statement Schedules

To the Board of Directors and Stockholders of
Varian Associates, Inc.

Our report on the consolidated financial statements dated October 19,1994 appears on page 37 of the 1994 Annual Report to Stockholders of Varian Associates, Inc. and subsidiary companies (which report and consolidated financial statements are incorporated by reference in this Annual Report on form 10-K). In connection with our audits of such financial statements, we have also audited the Financial Statement Schedules listed in the index on page 11 of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

San Jose, California
October 19, 1994

SCHEDULE II

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS,
AND EMPLOYEES OTHER THAN RELATED PARTIES (1)
for the fiscal years ended 1994, 1993 and 1992
(Dollars in Thousands)

NAME OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	BALANCE AT END OF PERIOD CURRENT	BALANCE AT END OF PERIOD NONCURRENT
FISCAL YEAR ENDED 1994:					
J. T. O'Rourke (2)	$ 1,260	$ -	$ -	$ -	$ 1,260
R. A. Aurelio (5)	500	-	-	-	500
	$ 1,760	$ 0	$ 0	$ 0	$ 1,760
FISCAL YEAR ENDED 1993:					
J. T. O'Rourke (2)	$ 1,260	$ -	$ -	$ -	$ 1,260
A. D. Wilunowski (4)	109	-	109	-	-

R. A. Aurelio (5)	500	-	-	-	500
	$ 1,869	$ 0	$ 109	$ 0	$ 1,760
FISCAL YEAR ENDED 1992:					
J. T. O'Rourke (2)	$ 1,260	$ -	$ -	$ -	$ 1,260
R. A. Lemos (3)	52	-	52	-	-
A. D. Wilunowski (4)	-	123	14	12	97
R. A. Aurelio (5)	500	-	-	-	500
	$ 1,812	$ 123	$ 66	$ 12	$ 1,857

(1) As to column omitted the answer is "none".

(2) The amount receivable is composed of two notes, each secured by a deed of trust on residential real property. One is for $700,000 and contains provisions for interest based on appreciation of the real property. The other is for $560,000 and is interest free. Both are payable after 30 years, within one year of termination of employment, or upon sale of the property, whichever occurs first, but may be converted to an 8%, 15 year note upon Mr. O'Rourke's retirement. The security for the loans may be replaced with a different residence if Mr. O'Rourke is employed by the Company at the time.

(3) The amount receivable is supported by notes with interest rates of 6.75% and 7.04% due through 1992, with common stock of the Company pledged as collateral.

(4) The amount receivable is supported by a note with interest rate of 6.89% due through 1997, with common stock of the Company pledged as collateral.

(5) The amount receivable is composed of a note, secured by a deed of trust on residential real property. The note contains provisions for interest based on appreciation of the real property. It is payable within one year or three years of termination of employment (depending on the circumstances) or upon sale of the real property, whichever occurs first.

SCHEDULE V

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
PROPERTY, PLANT, AND EQUIPMENT
for the fiscal years ended 1994, 1993 and 1992
(Dollars in Millions)

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	RETIREMENTS	OTHER CHANGES (1)	BALANCE AT END OF PERIOD
FISCAL YEAR ENDED 1994:					
Land and land leaseholds	$ 11.3	$ 0.4	$ (0.9)	$ -	$ 10.8
Buildings	194.2	13.3	(6.6)	0.5	201.4
Machinery and equipment	331.1	41.6	(25.5)	-	347.2
Construction in progress	7.7	7.3	-	-	15.0
Total	$ 544.3	$ 62.6	$ (33.0)	$ 0.5	$ 574.4
FISCAL YEAR ENDED 1993:					
Land and land leaseholds	$ 9.9	$ 0.1	$ (0.2)	$ 1.5	$ 11.3
Buildings	188.4	10.4	(4.0)	(0.6)	194.2
Machinery and equipment	323.4	38.0	(29.9)	(0.4)	331.1
Construction in progress	11.6	(3.4)	-	(0.5)	7.7
Total	$ 533.3	$ 45.1	$ (34.1)	$ 0.0	$ 544.3
FISCAL YEAR ENDED 1992:					
Land and land leaseholds	$ 9.4	$ 0.6	$ (0.1)	$ -	$ 9.9
Buildings	168.0	14.3	(1.3)	7.4	188.4
Machinery and equipment	305.3	43.9	(21.8)	(4.0)	323.4
Construction in progress	24.8	(10.2)	-	(3.0)	11.6
Total	$ 507.5	$ 48.6	$ (23.2)	$ 0.4	$ 533.3

(1) Miscellaneous reclassifications.

SCHEDULE VI

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF
PROPERTY, PLANT, AND EQUIPMENT

for the fiscal years ended 1994, 1993 and 1992
(Dollars in Millions)

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	RETIREMENTS	OTHER CHANGES (1)	BALANCE AT END OF PERIOD
FISCAL YEAR ENDED 1994:					
Land and land leaseholds	$ 2.7	$ 0.3	$ (0.1)	$ 0.4	$ 3.3
Buildings	88.9	9.1	(2.9)	(0.3)	94.8
Machinery and equipment	222.3	38.6	(20.2)	0.3	241.0
Total	$ 313.9	$ 48.0	$ (23.2)	$ 0.4	$ 339.1
FISCAL YEAR ENDED 1993:					
Land and land leaseholds	$ 2.2	$ 0.4	$ (0.1)	$ 0.2	$ 2.7
Buildings	82.9	8.5	(2.5)	-	88.9
Machinery and equipment	210.0	36.4	(24.3)	0.2	222.3
Total	$ 295.1	$ 45.3	$ (26.9)	$ 0.4	$ 313.9
FISCAL YEAR ENDED 1992:					
Land and land leaseholds	$ 1.8	$ 0.4	$ -	$ -	$ 2.2
Buildings	71.7	8.6	(1.2)	3.8	82.9
Machinery and equipment	195.7	35.5	(17.3)	(3.9)	210.0
Total	$ 269.2	$ 44.5	$ (18.5)	$ (0.1)	$ 295.1

(1) Miscellaneous reclassifications.

SCHEDULE VIII

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
VALUATION AND QUALIFYING ACCOUNTS (1)
for the fiscal years ended 1994, 1993, and 1992
(Dollars in Thousands)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS		BALANCE AT END OF PERIOD
			DESCRIPTION	AMOUNT	
ALLOWANCE FOR DOUBTFUL NOTES & ACCOUNTS RECEIVABLE:					
Fiscal Year Ended 1994	$ 2,219	$ 762	Write-offs & Adjustments	$ 559	$ 2,422
Fiscal Year Ended 1993	$ 2,202	$ 544	Write-offs & Adjustments	$ 527	$ 2,219
Fiscal Year Ended 1992	$ 2,203	$ 789	Write-offs & Adjustments	$ 790	$ 2,202
ESTIMATED LIABILITY FOR PRODUCT WARRANTY:					
Fiscal Year Ended 1994	$ 35,615	$ 49,354	Actual Warranty Expenditures	$ 43,287	$ 41,682
Fiscal Year Ended 1993	$ 34,105	$ 41,773	Actual Warranty Expenditures	$ 40,263	$ 35,615
Fiscal Year Ended 1992	$ 33,950	$ 44,646	Actual Warranty Expenditures	$ 44,491	$ 34,105

(1) As to column omitted the answer is "none".

SCHEDULE IX

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
SHORT-TERM BORROWINGS
for the fiscal years ended 1994, 1993 and 1992

(Dollars in Millions)

CATEGORY OF AGGREGATE SHORT-TERM BORROWINGS (1)	BALANCE AT END OF PERIOD	WEIGHTED AVERAGE INTEREST RATE (2)	MAXIMUM AMOUNT OUTSTANDING DURING PERIOD	AVERAGE AMT. OUTSTANDING DURING PERIOD (3)	WEIGHTED AVERAGE INTEREST RATE DURING PERIOD (4)
AMOUNTS PAYABLE TO BANKS (5):					
Fiscal Year-End 1994	$ 4.7	6.2 %	$ 64.4	$ 30.3	4.0 %
Fiscal Year-End 1993	$ 16.3	3.6 %	$ 53.9	$ 20.3	3.5 %
Fiscal Year-End 1992	$ 1.7	17.5 %	$ 30.0	$ 13.9	4.7 %

(1) "Notes payable" in the Company's consolidated balance sheet includes the balances shown above and the current portion of long-term debt, amounting to $0.1million, $6.5 million, and $8.6 million at fiscal year-end 1994, 1993, and 1992, respectively.

(2) The weighted average interest rate for fiscal year-end 1992 of 17.5% represents overnight Italian Lira interest rate for one of the Company's subsidiaries overdraft. United States dollar equivalent based on foreign exchange forward points is approximately 5%.

(3) Average amounts outstanding based on balances at the end of each of the 12 months in the fiscal year.

(4) Weighted average interest rates based on the balance and applicable interest rate for each amount payable at the end of each of the 12 months in the fiscal year.

(5) The Company had total unused committed lines of credit of $50 million at each fiscal year-end 1994, 1993, and 1992. Total borrowing is subject to limitations included in long-term debt agreements. No compensating balances were maintained in 1994, 1993, or 1992 under credit agreements in effect during these years.

SCHEDULE X

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
SUPPLEMENTARY INCOME STATEMENT INFORMATION
for the fiscal years ended 1994, 1993, and 1992
(Dollars in thousands)

Item	1994	1993	1992
Maintenance and repairs	$ 28,616	$ 28,168	$ 28,775

Depreciation expense is included in Schedule VI.

Amounts for advertising costs, amortization of intangible assets and other deferrals, taxes other than payroll and income taxes, and royalties are not presented as such amounts are less than 1% of total sales.

INDEX OF EXHIBITS

Exhibit
Number
- - - ------

3-a	Registrant's Restated Certificate of Incorporation, dated June 26, 1987 (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
3-b	Registrant's Bylaws, dated May 15, 1992 (incorporated herein by reference to the Registrant's Form 10-K for the year ended October 2, 1992).
4	Registrant's Rights Agreement with the First National Bank of Boston, dated August 25, 1986, and Amendment No. 1 dated July 7,1989 (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.1	Registrant's Omnibus Stock Plan (incorporated herein by reference to Exhibit 4 to the Registration Statement on Form S-8; File No. 33-4-0460).
10.2	Registrant's 1982 Non-Qualified Stock Option Plan (incorporated herein by reference to Exhibit 4.6 to the Registration Statement on Form S-8; File No. 33-33660).
10.3	Registrant's Restricted Stock Plan (incorporated herein by reference to Exhibit 4 to the Registration Statement on Form S-8; File No. 33-33661).
10.4	Registrant's Management Incentive Plan (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.5	Registrant's Supplemental Retirement Plan (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.6	Registrant's form of Indemnity Agreement with Directors and Executive Officers (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.7	Registrant's form of Change in Control Agreement with Executive Officers other than the Chief Executive Officer (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.8	Registrant's Change in Control Agreement with J. Tracy O'Rourke (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).

INDEX OF EXHIBITS

10.9	Description of Certain Compensatory Arrangements between Registrant and Directors (incorporated herein by reference to Registrant's Form 10-Q for the quarter ended December 31, 1993).
10.10	Description of Certain Compensatory Arrangements between Registrant and Executive Officers.
10.11	Description of Certain Relocation Arrangements between Registrant and Executive Officers (incorporated herein by reference to Registrant's Form 10-K for the year ended October 1, 1993).
10.12	Registrant's November 14,1994 Incentive and Separation Agreement with Al D. Wilunowski.(1)
11	Computation of earnings per share.
13	Registrant's 1994 Annual Report to Stockholders (furnished for the information of the Securities and Exchange Commission only and not deemed to be filed except for those portions expressly incorporated by reference herein).
21	Subsidiaries of the Registrant.
23	Consent of Independent Accountants.
24	Power of Attorney by directors of the Company authorizing certain persons to sign this Annual Report on Form 10-K on their behalf.
27	Financial Data Schedule

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(1) Confidential treatment is being requested for portions of this exhibit.

EXHIBIT 10.10

AMENDED AND RESTATED
DESCRIPTION OF CERTAIN COMPENSATORY ARRANGEMENTS
BETWEEN REGISTRANT AND EXECUTIVE OFFICERS

SUPPLEMENTAL DISABILITY INSURANCE

The Registrant's group disability income insurance plan for all employees has a limitation on the actual dollar amount of replacement income which can be provided to any single employee. The Registrant accordingly secures additional disability income insurance policies for Mr. O'Rourke.

REGISTRANT'S EXECUTIVE CAR PROGRAM

The Registrant's officers are eligible to participate in the amended and restated Executive Car Program described in Attachment A to this Exhibit 10.10.

REGISTRANT'S EXECUTIVE FINANCIAL COUNSELING PROGRAM

The Registrant reimburses its officers as follows for the costs they incur for financial counseling, tax planning and tax return preparation, subject to a $6,500 annual limit except for J. Tracy O'Rourke, Chairman of the Board and Chief Executive Officer (who is reimbursed for all such costs). The Registrant has made available (for an annual retainer fee) a financial counseling firm to provide such services to the Registrant's officers.

USE OF LEASED AIRCRAFT

J. Tracy O'Rourke, Chairman of the Board and Chief Executive Officer, is permitted to use the Registrant's leased aircraft for personal travel.

REIMBURSEMENT FOR TAXES

The Registrant reimburses its officers for taxes required to be paid by the officers on the following perquisites: group term life and disability insurance; use of the Registrant's leased aircraft; participation in the Registrant's Executive Car Program; and participation in the Registrant's Executive Financial Counseling Program.

REGISTRANT'S EXECUTIVE HEALTH PROGRAM

The Registrant's officers are eligible to participate in the Executive Health Program, under which those officers are reimbursed for the costs of an annual medical examination, subject to a $600 annual limit.

ATTACHMENT A - EXHIBIT 10.10

- PRIVATE -

VARIAN EXECUTIVE CAR PROGRAM

1. PURPOSE

It is Varian's policy to provide automobiles for the use of selected key management employees who are required to travel frequently on Company business and need efficient, reliable transportation available immediately.

2. ELIGIBILITY

The Vice President, Human Resources, will determine which employees will be assigned vehicles under this policy, using the following criteria:

The employee must:

(a) have a major management responsibility;
(b) be on call at any time;
(c) have a substantial need for auto transportation to travel to other Varian operations, other companies, universities, conferences, professional meetings, community and trade associations, etc.; and
(d) need to provide transportation for other employees and outside visitors on Company business.
(e) be in a grade "Q" or above, although there may be some exceptions made for significant management positions in grade "P".

Overall, the need for an employee to have efficient, reliable transportation available immediately must be of economic benefit to Varian.

Assignment of a car is not permanent. If an employee's role and/or responsibilities change to where an assigned car is no longer appropriate, assignment of a car may be discontinued.

3. SELECTION OF VEHICLE

The Vice President, Human Resources, will establish the appropriate lease capitalization levels as well as the criteria for selecting Company cars, including optional equipment, that will be furnished under this policy.

Fuel-efficient cars are encouraged, but any car selected should be large enough to accommodate four adults comfortably.

Selection of a car and optional equipment within the established criteria and lease cost limitation is made through the Corporate Traffic Department which will handle the lease and will arrange for delivery through a local dealer.

Employees may exceed their lease capitalization levels by 100% at their own expense. Any excess will be treated as an employee receivable and will be deducted from the employee's paycheck over the term of the lease.

4. AVAILABILITY AND USE OF CAR

Whenever possible, assigned drivers will make their cars available to members of their staff or other Varian employees for business use.

4.1 Garaging: The assigned driver is to provide protected parking at the driver's residence.

4.2 Vehicle Operations: The assigned driver is responsible for adequate protection of the Company car, ensuring that only licensed operators drive it. Traffic citations and resultant fines are the employee's responsibility and are not reimbursable.

4.3 Accident Reporting: The assigned driver is responsible for reporting all accidents in a timely manner and submitting a completed Varian Accident Report (Form 4470-09-01) to both Corporate Traffic and Corporate Risk Management. The assigned driver is also responsible for contacting Corporate Traffic for instructions as to disposition and repair of the car. In order to protect Varian's interests, an assigned driver is responsible for contacting Varian's adjuster as soon as possible following an accident that causes personal injury or damage to property of others. Each assigned driver is provided with a claim kit which should be kept in the car's glove compartment. The kit contains accident report forms, explains procedures to be followed, and lists toll-free telephone numbers for contacts.

4.4 Personal Operation: Company cars may be used for personal driving by the employee, the employee's spouse, and other immediate family members who hold a valid driver's license.

Use of a company car by non-family members is permitted at the discretion of the employee, provided the user possesses a valid driver's license.

4.5 Loss Control Program: The assignment of a company vehicle is a privilege that requires drivers to maintain good driving records. Therefore, the company will conduct a confidential annual screening of the employees' driving records to ensure that such records are maintained in good order. The point system used by the California Department of Motor Vehicles will be the governing criteria, unless the criteria of the jurisdiction in which the vehicle is operated is more stringent. If the guideline is exceeded, Risk Management will coordinate a confidential review of the record with the employee's supervisor, Human Resources, and the Legal Department. If the decision is made to remove the company vehicle, the employee must return it promptly and in good condition. Thereafter, at management's discretion, the employee may be placed on a car allowance program. An employee may also be reinstated to the program, at management's discretion, once his/her driving record falls within the acceptable Department of Motor Vehicles guidelines.

To comply with the company's loss control program, employees are asked to complete the attached form and return it to Risk Management as soon as they are notified of participation in the program. This provision does not apply to Company Officers.

5. INSURANCE

The following coverages are provided by Varian or its insurance carriers for accidents involving Company cars.

5.1 Public Liability: This coverage protects the Company and the employee (including licensed drivers in the employee's immediate family) against claims resulting from personal injuries to others or damage to the property of others.

5.2 Collision/Comprehensive: For accidents that occur during business driving, Varian pays the entire cost of repairs. For accidents that occur during personal use of a Company car, the employee is responsible for the first $200.00 of repair costs regardless of fault. The employee will be reimbursed the $200.00 if Varian collects from the other party involved.

5.3 Personal Injury: Injuries incurred by an employee while driving (or riding as a passenger) on Company business are covered under Workers' Compensation benefits. Injuries incurred by an employee when the Company car is being used for personal driving and injuries incurred by family members, whether the car is being used for business or

personal reasons, will be covered by whichever Company-sponsored or private health plan the injured person is covered.

5.4 Personal Property: Varian carries insurance to cover the loss of Company property by theft or damage. Employees should take all possible steps to avoid theft by concealing briefcases and other property from view and always locking cars when unattended. This insurance does not cover an employee's or family member's personal property which should be insured under a Homeowner's or Personal Articles Floater policy.

5.5 Driving to Canada or Mexico: Canadian authorities require a certificate of insurance before a car is allowed across the border. This certificate may be obtained from the Corporate Risk Management Office.

Travel across the Mexican border requires Mexican insurance for collision, comprehensive, and liability coverages which may be obtained at the border. Varian reimburses an employee for the expense if travel is business related. The expense is not reimbursed if travel is for personal reasons.

6. OPERATING EXPENSES

Varian will reimburse employees for all normal operating expenses such as fuel, lubricating oils, fluids and necessary car washes.

Reimbursement may be obtained by submitting a monthly expense report with appropriate receipts attached. These expense reports should be submitted to the appropriate Controller for approval.

7. SERVICE AND REPAIRS

Company cars must be maintained in presentable, reliable and safe operating condition and available for intended use. Varian will pay for periodic maintenance and service for lubrications, wheel alignments, tune-ups, replacement of tires and batteries, repairs, etc. Normal wear and tear is expected; however, excessive costs will not be paid to maintain cars in "showroom condition."

A Company car should be returned to the dealer through which the car was obtained for any adjustments or repairs covered under the factory warranty. When the factory warranty expires, a driver identification card will be provided which is honored for service, repairs, and replacement parts at designated repair establishments. Contact the Corporate Fleet Administrator on any question regarding major service and repairs.

8. TAXABILITY

For tax purposes, the company considers all expenses and lease costs, up to the lease capitalization cost limit, to be personal expenses which will be reported as additional income on the employee's W-2. To make this program effectively tax neutral to an employee, the company will apply a tax gross-up to this income. This gross-up will be determined annually by the Tax Department.

Example: Assume $1,000 of taxable compensation and a gross-up of $650 (65% of $1,000):

Taxable payment including gross-up - $1,650	
Federal tax on $1,650 @ 33%	$545
State tax on $1,650 @ 9.3%	153
Federal tax benefit of deduction for State tax of $153 @ 33%	(50)

Total tax	$648
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9. SERVICE LIFE

An executive car is normally retained in service for 30 months or 55,000 miles, whichever occurs first. It is the employee's responsibility to notify Corporate Human Resources when their car will be turned in and to initiate the process of ordering a replacement vehicle.

10. PURCHASE OPTION

An assigned driver has the option of purchasing the car, at the time it would otherwise be taken out of service, at a price to be determined on the fair market value or a predetermined depreciation schedule, depending on the terms of the individual's participation in the plan. The price information will be provided to the employee by the leasing company, and the purchase of the car will be coordinated directly between the leasing company and the employee.

Any repairs that are performed in the 12 months prior to the vehicle's purchase will be amortized at 8% per month; the unamortized cost of these repairs will be added to the fair market value to establish the vehicle's sale price.

11. ADMINISTRATION

The Vice President of Human Resources has overall responsibility for the Executive Car Program, and the Director of Human Resources will be responsible for administering all aspects of the program, working with the Corporate Fleet Administrator who may be reached on Palo Alto extension 5251.

EXHIBIT 10.12

INCENTIVE AND SEPARATION AGREEMENT

This Incentive and Separation Agreement ("Agreement"), dated as of September 14, 1994, is by and between Varian Associates, Inc., a Delaware corporation ("Company") and Al D. Wilunowski ("Employee").

RECITALS

WHEREAS, the Company has decided to explore the possibility of selling the Company's Electron Devices Business ("Business") and has requested that Employee continue to manage the on-going operations of the Business and, if a decision is made to sell the Business, to assist the Company with the sale of the Business; and

WHEREAS, Employee's position with the Company will be eliminated if the Business is sold; and

WHEREAS, Employee and the Company have discussed the foregoing and on the basis of each party's own considerations have reached a mutual understanding, as provided for in this Agreement, for Employee's assistance with the sale of the Business and the eventual voluntary termination of Employee's employment with the Company; and

WHEREAS, both Employee and the Company intend that this Agreement will mutually, amicably and finally resolve and compromise all issues and claims relating to or involving Employee's employment by the Company and the voluntary termination of that employment if and when the Business is sold.

NOW THEREFORE, in consideration of and subject to all of the terms and conditions set forth in this Agreement, Employee and the Company agree as follows:

1. EMPLOYMENT.

1.1 PRIOR TO SALE OF BUSINESS. Until such time that (a) the Business is sold and/or discontinued, (b) Employee voluntarily resigns, or (c) Employee is terminated for cause as defined by Company policies ("Cause"), Employee will continue in his current capacity as Executive Vice President, in accordance with the current terms and conditions of his employment, subject to Company policies and procedures, and with compensation and benefits provided in the ordinary course. Employee acknowledges that this Agreement does not guarantee Employee continued employment or the terms of that employment, and the Company maintains the absolute right to manage the Business and determine the terms of any sale and/or discontinuation of the Business.

1.2 UPON SALE OF THE BUSINESS. If Employee is still actively employed by the Company on the date that sale and/or discontinuation of the Business is closed and/or completed ("Final

Work Day"), (a) Employee will become an inactive employee and will cease to be an Executive Vice President, officer or active employee of the Company, and (b) Employee will tender his voluntary and unqualified resignation of employment with the Company, which will be accepted by the Company as of the Final Work Day to be effective on the date when Employee receives the final salary payment provided for in Section 3.1 ("Separation Date"). During the period from the Final Work Day to the Separation Date ("Salary Continuation Period"), Employee will not be expected to perform regular work for the Company, but will (i) provide the Company with information and assistance regarding Employee's prior acts and responsibilities, which information and assistance will be provided without any additional compensation, and (ii) refrain from taking any action detrimental to the Company.

1.3 REEMPLOYMENT. During the Salary Continuation Period, Employee will use his best efforts to locate and accept Reemployment, and Employee will immediately notify the Company in writing upon obtaining any Reemployment. "Reemployment" means (a) full-time employment other than with the Company, (b) full-time self-employment, or (c) performance for compensation of twenty (20) hours or more per week of consulting services.

2. INCENTIVE COMPENSATION.

2.1 FIXED BONUS. In consideration of Employee's assistance in a sale of the Business, if a decision is made to sell the Business, the Company will pay to Employee a fixed bonus of $200,000 on the Final Work Day. This fixed bonus will not be paid if the Company does not sell and/or discontinue the Business or if prior to such date Employee voluntarily terminates his employment with the Company or his employment is terminated by the Company for Cause.

2.2 INCENTIVE BONUS. In consideration of Employee's assistance in a sale of the Business, if a decision is made to sell the Business, the Company will pay to Employee an incentive bonus based on the aggregate sale price for the Business, according to the following formula:

Aggregate Sale Price	Incentive Bonus
[*]	$25,000
	$50,000
	$100,000
	$150,000
	$200,000

For purposes of this Section 2.2, the aggregate sale price will be calculated on the basis of the final gross aggregate sale price for the Business as adjusted in the ordinary course after the closing of the sale transaction(s) and without regard to any disputes or whether the Company has received full payment of such aggregate sale price.

This incentive bonus will not be paid if prior to the Final Work Day Employee voluntarily

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* Confidential treatment has been requested with respect to the omitted language of Section 2.2 of this page. Please be aware that the omitted material has been separately filed with the Securities and Exchange Commission.

terminates his employment with the Company or his employment is terminated by the Company for Cause.

3. OTHER COMPENSATION AND BENEFITS.

3.1 SALARY. If Employee is employed by a buyer of the Business, Employee's salary will end as of the Final Work Day. If Employee (a) is not employed by a buyer of the Business, or (b) is so employed but such employment is involuntarily terminated within six (6) months of its commencement, then for a period of one (1) year from and after the Final Work Day or the termination of such employment, as the case may be, the Company will pay to Employee the same salary he was earning as of the Final Work Day; provided, however, that such salary will be reduced by the amount of any severence payments made to Employee in the event of termination of employment with a buyer. In the event of Employee's Reemployment (other than by a buyer of the Business) during this one-year period, the Company will promptly pay to Employee in a lump-sum the balance of the annual base salary which he would otherwise have been paid during the one-year period based on the foregoing. If at the end of the one-year period after the Final Work Day Employee has not obtained Reemployment, the Company will continue to pay to Employee the annual base salary he was earning as of the Final Work Day, (a) for a period of six (6) additional months, or (b) until Employee obtains Reemployment, whichever first occurs.

3.2 MIP AWARDS. Employee will be eligible for awards under the Company's Management Incentive Plan ("MIP") for fiscal years 1994 and 1995. Employee will be eligible for an award under the MIP for any fiscal year subsequent to fiscal year 1995 which begins prior to the Final Work Day; provided, however, that any such award will be pro-rated for the period prior to the Final Work Day. Any award for a fiscal year in which the sale and/or discontinuation of the Business is closed and/or completed will be based 100% on corporate performance objectives.

3.3 LTI AWARDS. Employee will be eligible for an award under the Long-Term Incentive feature of the Company's Omnibus Stock Plan ("LTI") for the fiscal 1992-1994 cycle. Employee will be eligible for awards under the LTI for any fiscal cycles subsequent to the fiscal 1992-1994 cycle which begin prior to the Final Work Day; provided, however, that any such awards will be pro-rated for the period prior to the Final Work Day. Any award for a fiscal cycle in which the sale and/or discontinuation of the Business is closed and/or completed will be based 100% on corporate performance objectives.

3.4 RESTRICTED STOCK. Restricted stock will be treated as follows:

3.4.1 Employee will be eligible for restricted stock grants under the performance-based restricted stock feature of the Company's Omnibus Stock Plan for fiscal years 1994 and 1995. Employee will be eligible for a performance-based restricted stock grant for any fiscal year subsequent to fiscal year 1995 which begins prior to the Final Work Day; provided, however, that any such award will be pro-rated for the period prior to the Final Work Day.

3.4.2 Effective on the Final Work Day, all restricted stock granted or to be granted to Employee which has not yet been released from restrictions will vest and will be released from any remaining restrictions.

3.5 STOCK OPTIONS. Stock options granted by the Company to Employee will be treated as follows:

3.5.1 Effective on the Final Work Day, all stock options granted by the Company to Employee which are not yet exercisable will become exercisable.

3.5.2 All stock options which Employee has not exercised as of the Separation Date will only be exercisable (a) for a period of three (3) months after the Separation Date, or (b) until those options normally expire according to their terms, whichever first occurs.

3.6 CASH PROFIT-SHARING PLAN. Employee will be eligible for allocations under the Company's Cash Profit-Sharing Plan for fiscal years 1994 and 1995. Employee will be eligible for an allocation under that Plan for any fiscal year subsequent to fiscal year 1995 which begins prior to the Final Work Day; provided, however, that any such allocation will be pro-rated so as to be based only on the period prior to the Final Work Day.

3.7 EXECUTIVE CAR PROGRAM. Until the Separation Date, Employee will be eligible to participate in the Company's Executive Car Program on the same terms as would otherwise apply if he were an officer. On the Separation Date, Employee may either return or purchase in accordance with the terms of the Program the vehicle which is then provided to him under the Program.

3.8 EMPLOYEE STOCK PURCHASE PLAN. Until the Separation Date, Employee will be eligible to continue to participate in the Company's Employee Stock Purchase Plan on the same terms as would otherwise apply if he were an active employee.

3.9 EXECUTIVE FINANCIAL COUNSELING PROGRAM. Until the Separation Date, Employee will be eligible to continue to participate in the Company's Executive Financial Counseling Program on the same terms as would otherwise apply if he were an officer.

3.10 TAX REIMBURSEMENTS. Until the Separation Date, Employee will be eligible to continue to be eligible to receive reimbursements ("gross-ups") for taxes applicable to certain perquisites on the same terms as would otherwise apply if he were an officer.

3.11 RETIREMENT PROGRAM. Until the Separation Date, Employee will be eligible to continue to participate in the Company's Retirement and Profit-Sharing Program ("Retirement Program") according to the terms of the Retirement Program. If it is determined that applicable regulations or the terms of the Retirement Program do not permit Employee to continue participation in the Retirement Program during the Salary Continuation Period, the Company will

make contributions to Employee's Supplemental Retirement Plan account in amounts equivalent to what would have been contributed to Employee's Retirement Program account had he been eligible to continue to participate in the Retirement Program.

3.12 SUPPLEMENTAL RETIREMENT PROGRAM. Until the Separation Date, Employee will be eligible to continue to participate in the Company's Supplemental Retirement Plan on the same terms as would otherwise apply if he were an officer.

3.13 HEALTH INSURANCE. Until the Separation Date, Employee will be eligible to continue to participate in the Company's group health insurance plan(s) for himself and his eligible dependents on the same terms as would otherwise apply if he were an active employee. The Company will provide Employee with information about continuation of health care coverage (COBRA coverage) after the Separation Date.

3.14 LIFE INSURANCE. Until the Separation Date, Employee will be eligible to continue to participate in the Company's group term life insurance plan on the same terms as would otherwise apply if he were an active employee. The Company will provide Employee with information about conversion of that life insurance coverage after the Separation Date.

3.15 DISABILITY INSURANCE. Employee will not be eligible to continue to participate in the Company's group disability insurance plan after the Final Work Day.

3.16 PERSONAL PAID LEAVE. Employee will not accrue any Personal Paid Leave ("PPL") after the Final Work Day. The accrued and unpaid balance of Employee's PPL will be paid to Employee promptly after the Separation Date.

3.17 OTHER BENEFITS. After the Final Work Day, Employee will only be eligible and entitled to participate in the compensation and benefit programs provided for in this Section 3.

3.18 WITHHOLDINGS AND DEDUCTIONS. The Company will deduct from any payments made to Employee pursuant to this Agreement (a) all legally required withholdings and deductions, including for taxes, (b) applicable Employee contributions to the Company benefit plans in which Employee continues to participate, and (c) appropriate amounts for advances or obligations owed by Employee to the Company, including, without limitation, travel advances and loans, consistent with the Company's policies and practices. Employee will pay to the Company when due any amounts due for taxes relating to restricted stock releases, stock option exercises and other non-cash benefits for which the Company is required to collect taxes from Employee.

4. OTHER TERMS, CONDITIONS AND ACKNOWLEDGEMENTS.

4.1 OUTPLACEMENT. Within ninety (90) days after the Final Work Day, Employee will give the Company written notice of his election to either (a) use outplacement services secured by the Company, or (b) receive an amount equal to fifteen percent (15%) of the annual base

salary he was earning on his Final Work Day. If Employee elects to use outplacement services, the Company will provide to Employee a list of outplacement firms with which the Company has existing relationships, Employee will select a firm from that list to provide outplacement services to Employee, and the Company will pay the charges of that outplacement firm. If Employee elects to receive the amount described above, the Company will pay it to Employee within fourteen (14) days after receiving Employee's election.

4.2 DELIVERY OF MATERIALS AND CONFIDENTIALITY. On the Final Work Day, Employee will deliver to the Company's Vice President, Human Resources all Company identification badges, entry cards, security documents, credit cards and other property, books and records which are proprietary to the Company. Employee acknowledges and reaffirms the terms of the confidentiality Agreement executed previously by Employee, a form of which is attached as Exhibit A, which prohibits disclosure of certain Company's information even after the Separation Date.

4.3 NON-DISCLOSURE. Until such time that this Agreement is publicly disclosed, Employee will not disclose or communicate the terms of this Agreement to (a) any persons other than those within his immediate family and/or his counselor(s), each of whom will be advised by him to keep such communication and the terms of this Agreement confidential, and (b) the Company's legal or other specifically authorized representatives, unless otherwise compelled by legal process. Any other disclosure by Employee, his family or his counselor(s) will be deemed a disclosure by Employee constituting a material breach of the Agreement. Upon proof of such a disclosure, the Company may recover the amount of $20,000 in liquidated damages and not as a penalty or forfeiture. In addition, upon proof by the Company before the Separation Date of such a disclosure, the Company may immediately terminate this Agreement and discontinue all benefits hereunder, other than those required by law. Employee expressly agrees that this provision is reasonable under the circumstances that exist when he executes this Agreement and further represents that the benefits and other consideration conferred by this Agreement are sufficient to bind his release under Section 5, even under circumstances where the Company terminates this Agreement before the Separation Date.

4.4 CLAIMS. Employee is not aware of any basis which Employee may have to claim any amounts from the Company for obligations other than those provided for in this Agreement, and Employee is not presently aware of any injury or illness incurred while in Company's employment.

4.5 CHANGE IN CONTROL AGREEMENT; INDEMNITY AGREEMENT. The Change in Control Agreement between Employee and the Company will terminate on the Final Work Day and will not be reinstated for any reason. The September 20, 1989 Indemnity Agreement between Employee and the Company will continue according to its terms.

4.6 SUBSEQUENT REGULATORY CHANGES. In the event that any governmental regulation applicable to a Company compensation or benefit plan under which payments or benefits are to be provided to Employee under this Agreement would prohibit any such payment or benefit, or

would jeopardize the regulatory qualification or status of any such plan if such payment or benefit is provided to Employee, the Company will not be obligated to make such payment or to provide such benefit to Employee; provided, however, that the Company will to the extent permitted under such regulations provide Employee with comparable compensation.

4.7 UNEMPLOYMENT INSURANCE. Employee will not file or make any claim for unemployment insurance for any period after the Final Work Day.

5. RELEASE.

5.1 RELEASE OF CLAIMS. On behalf of himself, his heirs and successors, Employee forever releases and discharges the Company, its employees, directors, agents and affiliates, from any all known or unknown claims or obligations, whether in contract, covenant, tort or based on or through any federal, state or local statute, regulation or ordinance relating to or arising out of Employee's relationship with the Company or the termination of that employment. This release includes, without limitation, a waiver of all claims (a) for "wrongful discharge," (b) for breach of any express or implied contract of employment, (c) for severance pay or other compensation other than as provided for in this Agreement, (d) for statutory workers' compensation insurance that Employee may make based on accidents or alleged injuries occurring after the Final Work Day, (e) for unemployment insurance for any period after the Final Work Day, (f) under Title VII of the Civil Rights Acts of 1964 and 1991, (g) under the Age Discrimination in Employment Act of 1967, (h) under the Employee Retirement Income Security Act of 1974, and (i) under the California Fair Employment and Housing Act; provided, however, that this release does not include any claims Employee may have, but of which he is currently unaware, (1) for statutory workers' compensation insurance, and (2) for indemnification under the provisions of the California Labor Code, Delaware law, the Company's Bylaws, the Company's Restated Articles of Incorporation or the Indemnity Agreement referred to in Section 4.6.

It is further understood and agreed that as part of the consideration and inducement for the execution of this Agreement which is intended to release the Company and its related parties identified above of and from any and all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected, Employee also specifically waives the provisions of California Civil Code Section 1542 and any similar provisions of the law of other jurisdictions. Section 1542 provides:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his/her favor at the time of executing the release, which if known by him/her must have materially affected his/her settlement with the debtor."

This Section 5.1 will be deemed renewed and restated by Employee on the Final Work Day and on the Separation Date.

5.2 NO CONTEST. If Employee or any person acting on Employee's behalf in any way contests this Section 5, Employee will return to the Company all payments made by the Company to Employee under Section 3 of this Agreement.

5.3 NO ADMISSIONS. Neither the proposal of this Agreement, its execution nor its performance is or will in any way be considered an admission of any liability by Employee or the Company.

6. MISCELLANEOUS.

6.1 ENTIRE AGREEMENT. Employee has read this entire Agreement, understands its provisions, and is not executing this Agreement in reliance on any promises, representations or inducements other than those contained in this Agreement. Employee has had the opportunity to review this Agreement with others of his own selection and acknowledges that this Agreement expresses in plain English Employee's and Company's entire understanding with regard to the subject matter of this Agreement. This Agreement constitutes the entire understanding between the Company and Employee with respect to the subject matter of this Agreement and supersedes all previous understandings or agreements relating to the subject matter of this Agreement.

6.2 NOTICES. All notices provided under this Agreement will be in writing, delivered by mail (postage prepaid), by facsimile or by hand, and will be deemed to have been given when received by the intended recipient at the following address (or at such other address as the intended recipient will have specified in a written notice given to the other party):

If to the Company:	If to Employee:
Varian Associates, Inc. 3050 Hansen Way Palo Alto, CA 94304-1000 Fax: (415) 858-2018 Attn: Vice President, Human Resources	Al D. Wilunowski [*]

When notice is given by facsimile transmission, the sender will retain a written confirmation of successful dispatch by the transmitting machine or successful receipt from the receiving party.

6.3 HEADINGS AND INTERPRETATION. The headings in this Agreement are for convenience of reference only, and will not be referred to in connection with the interpretation of this Agreement. The language of this Agreement will be interpreted without reference to which party prepared this Agreement or any portion of this Agreement.

6.4 AMENDMENTS. This Agreement may not be amended or supplemented except by means of a written agreement executed by both the Company and Employee.

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* Confidential treatment has been requested with respect to the omitted language of Section 6.2 of this page. Please be aware that the omitted material has been separately filed with the Securities and Exchange Commission.

6.5 SEVERABILITY. If any one or more of the provisions or a portion of any provisions of this Agreement is or will be deemed to be contrary to law, invalid, illegal, unenforceable or unreasonable in any respect by any governmental authority, court of law or arbitrator having competent jurisdiction over the subject matter of this Agreement, the Company and Employee, the remaining provisions, portions of such provisions or reasonable scope of such provisions of this Agreement will be severable and enforceable in accordance with their terms.

6.6 WAIVER. No failure or delay on the part of either the Company or Employee to exercise any right or remedy under this Agreement will constitute a waiver of such right or remedy; and no single or partial exercise of any such right or remedy will preclude any other or further exercise of such right or remedy or of any other right or remedy.

6.7 SURVIVORS AND PARTIES. This Agreement will inure to the benefit of and be enforceable by Employee's heirs, successors and assigns. If Employee should die while any amounts would still be payable to Employee hereunder if Employee had continued to live, all amounts will be paid in accordance with the terms of this Agreement to Employee's heirs, successors and assigns. Nothing in this Agreement is intended to provide any rights or remedies to any person other than to the Company and Employee and their respective heirs, successors and assigns.

6.8 GOVERNING LAW. This Agreement will be construed in accordance with and governed in all respects by the laws of the State of California without regard to any provisions regarding conflicts of law.

6.9 DISPUTE RESOLUTION. Any dispute or claim relating to this Agreement or any amendment of this Agreement, including without limitation as to their existence, validity, interpretation, performance, breach or damages, whether arising before or after the termination of this Agreement or any of its provisions, will be settled only by binding arbitration pursuant to the Commercial Rules of the American Arbitration Association. The written decision of the arbitrator(s) will be final and binding, and will be enforceable in any court of competent jurisdiction.

6.10 ADEA DISCLOSURE. The Discrimination and Employment Act of 1967 requires that Employee be specifically advised of the following: The Company has advised Employee to consult with an attorney of Employee's own selection prior to executing the Agreement. Employee has chosen to enter this Agreement voluntarily. Employee understands that he is not waiving rights or claims that may arise after the date this Agreement is signed. Employee was given this Agreement on September 13, 1994, and was told at that time that he had up to twenty-one (21) days to consider whether he wished to enter into it. Employee understands that this Agreement does not become effective until seven (7) days after he signs it. Employee has been told that during that seven-day period, he may revoke this Agreement, and if he does so the Agreement will not have become effective or enforceable.

6.11 COMMITTEE APPROVAL. This Agreement will not be binding on the Company unless and until it has been approved by the Organization and Compensation Committee of the Company's Board of Directors. The Company will request such approval within fourteen (14) days after this Agreement has been executed by the Company and Employee, and the Company will promptly thereafter notify Employee whether this Agreement has been approved by such Committee

6.12 TERM. In the event that the Company decides not to sell and/or discontinue the Business, this Agreement will terminate on the date that such decision is made. In the event of such termination, Employee will not be entitled to any compensation or benefits provided for in this Agreement.

IN WITNESS WHEREOF, the Company and Employee have executed this Agreement as of the date set forth above.

VARIAN ASSOCIATES, INC.	AL D. WILUNOWSKI
/s/ Ernest M. Felago	/s/ Al. D. Wilunowski
By: Ernest M. Felago	Date: September 13, 1994
Title: Vice President, Human Resources	
Date: September 14, 1994	

EXHIBIT 10.12 - ATTACHMENT A

AGREEMENT

IN CONSIDERATION of my employment or the continuance of my employment by VARIAN ASSOCIATES, INC., I agree as follows:

1. For the purpose of this Agreement the term "the Company" shall include VARIAN ASSOCIATES, INC., its subsidiaries and/or its affiliates in which VARIAN ASSOCIATES, INC. now or hereafter during the term of this Agreement owns more than twenty percent of the stock eligible to vote for directors and the assignees and licensees of VARIAN ASSOCIATES, INC., its subsidiaries and affiliates.

2. I agree that all information and know-how, whether or not in writing, of a private, secret or confidential nature concerning the Company's business affairs, including its inventories, products, processes, projects, developments, and plans are and shall be the property of the Company, and I

will not disclose the same to unauthorized persons or use the same for any unauthorized purposes without written approval by an officer of the Company, either during or after the term of my employment, until such time as such information has become public knowledge. I also agree to treat all U.S. Government classified information and material in the manner specified by applicable Government regulations.

3. I agree that all files, letters, memos, reports, sketches, drawings, laboratory notebooks or other written material containing matter of the type set forth in paragraph 2 above which shall come into my custody or possession shall be and are the exclusive property of the Company to be used by me only in the performance of Company duties and that all such records or copies thereof in my custody or possession shall be delivered to the Company upon termination of my employment.

4. I agree that my obligation not to disclose or use proprietary or confidential information of the types set forth in paragraphs 2 and 3 above also extends to such types of information of customers of the Company or suppliers to the Company who may have disclosed or entrusted such information to the Company or me in the course of business.

5. I hereby assign and agree to assign to the Company or its designees all my right, title and interest in and to all inventions, improvements, discoveries, or technical developments, whether or not patentable, which I, solely or jointly with others, may conceive or reduce to practice during the term of my employment and which are conceived or first actually reduced to practice (a) in the utilization by the Company of my services in a technical or professional capacity in the areas of research, development, marketing, management, engineering or manufacturing, or (b) pursuant to any project of which I am a participant or member and that is either financed or directed by the Company, or (c) at the Company's expense, in whole or in part. All other inventions, improvements, discoveries or technical developments shall remain my property.

6. I agree to promptly disclose to and to cooperate with the Company or its designee, both during and after employment, with respect to the procurement of patents for the establishment and maintenance of the Company's or its designee's rights and interests in said inventions, improvements, discoveries or developments, and to sign all papers which the Company may deem necessary or desirable for the purpose of vesting the Company or its designee with such rights, the expense thereof to be borne by the Company.

7. Since I am to assign to the Company certain inventions which I may conceive or first actually reduce to practice after I enter the employ of the Company, I have listed below all those inventions which I own at this time and which I believe should be brought to the attention of the Company to avoid future misunderstandings as to ownership.

8. I agree that I will make no claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, with respect to any invention or discovery made or conceived by me, solely or jointly with others, in the course of or under any contracts that the Company now has or may have pertaining to work for the Atomic Energy Commission during the term of my employment.

9. This Agreement supercedes all prior discussions, representations and understandings between the parties hereto relating to subject matter hereof, and may not be waived or modified except by express written agreement executed by employee and by an authorized representative of Varian.

DATE ------------------------------ EMPLOYEE -------------------------------

DATE ------------------------------ WITNESS -------------------------------

PRIOR INVENTIONS OWNED BY EMPLOYEE
(PLEASE USE REVERSE SIDE IF MORE SPACE IS REQUIRED)

____
____

____
Please complete the ADDENDUM AGREEMENT on the reverse side.

Continued from reverse side hereof.

PRIOR INVENTIONS OWNED BY EMPLOYEE (Continued)
____
____
____
____
____
____

Addendum to Agreement

This is to notify you that the Agreement you are signing in consideration of employment or the continuation of employment with Varian Associates, Inc. does not apply to an invention made by you for which no equipment, supplies, facility, or trade secret information of Varian was used and which was developed entirely on your own time, and (a) which does not relate (1) to the business of Varian or (2) to Varian's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by you for Varian.

Employee Signature

Employee Name (please print) ------------------------- Date -----------------

Employee Badge Number --------------------

Department Name & Resp. No. --

EXHIBIT 11

VARIAN ASSOCIATES, INC. AND SUBSIDIARY COMPANIES
COMPUTATION OF EARNINGS PER SHARE IN ACCORDANCE
WITH INTERPRETIVE RELEASE NO. 34-9083

(Shares in Thousands)	1994	1993	1992
Actual weighted average shares outstanding for the period(1)	34,391	35,372	37,358
Dilutive employee stock options(1)	1,285	920	554
Weighted average shares outstanding for the period(1)	35,676	36,292	37,912

(Dollars in millions, except per share amounts)			
Earnings applicable to fully diluted earnings per share	$ 79.4	$ 45.8	$ 38.6
Earnings per share based on SEC interpretive release No. 34-9083:			
Earnings per share - Fully Diluted(1)(2)	$ 2.22	$ 1.26	$ 1.02

(1) Prior periods restated for two-for-one stock split effected in the form of a stock dividend in March 1994.
(2) There is no significant difference between fully diluted earnings per share and primary earnings per share.

EXHIBIT 13

VARIAN ASSOCIATES, INC.

FY 1994 ANNUAL REPORT

TO STOCKHOLDERS

EXHIBIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net earnings for 1994 grew 73% to $79.4 million ($2.22 per share), compared to the $45.8 million ($1.26 per share) earned in the prior year. 1992's net earnings were $38.6 million ($1.02 per share). Earnings for the fourth quarter of 1994 rose 50% over the prior year's quarter to $27.0 million ($0.76 per share).

Orders for the year reached a new high of $1.71 billion. Fourth quarter orders of $421 million were up 16% from the year- ago quarter. Sales for the year rose 18% to a record $1.55 billion, from the prior year's $1.31 billion, and also reached a quarterly high of $441 million. Backlog at the end of the year was $775 million compared to $627 million and $561 million at years ended 1993 and 1992, respectively.

Varian's four core businesses all benefited from the combination of good order levels and improved efficiency.

Good worldwide demand for Varian's cancer therapy equipment and X-ray tubes drove orders and sales for the Company's Health Care Systems business up 10% over 1993. Profits climbed 15% from the prior year. Backlog rose slightly over last year's level. The good performance reflected both the Company's continued strength in the radiation oncology market as well as strong results from its X-ray tube business. In the latter sector, steps to strengthen its distribution system and relationships with key original equipment manufacturers more than offset soft demand for the diagnostic equipment that uses the tubes. Demand for radiation therapy equipment continued to grow on a worldwide basis due to its efficacy and cost-effectiveness. The Company's multi-year program to expand its share of the overseas market resulted in 35% of 1994 orders coming from international customers.

Instruments orders advanced slightly during the year, as strength in the Company's vacuum products line overcame the effects of generally slow demand in the analytical instrument market. Sales rose 6%, while operating profits declined slightly from 1993, because of competitive industry pricing conditions. Backlog also declined 6% from the prior year.

Orders for Varian's Semiconductor Equipment business rose 87% over 1993 to $610 million, as chip manufacturers worldwide continued to invest in new equipment for the next generation of advanced devices. Sales climbed 64% from 1993's level, and operating profits reached $36 million, rising from $1 million in 1993. Backlog more than doubled to $245 million at year's end. The upswing in Semiconductor Equipment performance was based on strong global demand for all of its major product lines. Continued market growth in the U.S. and Korea was further strengthened by improving momentum in Europe and recently in Japan. The discontinuance of the semiconductor equipment distribution agreement with Tokyo Electron Limited in the U.S. and Europe was completed as planned effective September 30, 1994. Semiconductor equipment orders and sales growth will be moderated by discontinuation of the distribution of TEL products. The impact on Semiconductor Equipment earnings is expected to be minimal under the terms of the termination, which includes payments to the Company for certain future TEL sales.

Orders for the Electron Devices business increased 7% during 1994, with modest growth in both the commercial and defense sectors. Sales fell slightly, but operating profits rose 50% over 1993, an increase for the second year in a row. The profit improvement was evident across a wide variety of product lines in 1994. Backlog advanced 9% from year-end 1993.

Spending on research and development continued at approximately 5% of sales. Research and development expense in 1994 was $81.3 million, compared to $73.9 million and $76.7 million in 1993 and 1992, respectively.

Net interest expense in 1994 declined to $2.0 million compared to $4.5 million and $3.2 million in 1993 and 1992, respectively.

The effective tax rate for 1994 was 38%, the same as both of the two preceding years. See Summary of Significant Accounting Policies in Notes to the Consolidated Financial Statements.

FINANCIAL CONDITION

The Company's financial condition remained strong during 1994. Operating activities provided cash of $120.3 million compared to $89.8 million in 1993. Investing activities used $51.4 million, and $57.9 million in 1994, and

1993, respectively, mainly for the purchase of property, plant and equipment. Financing activities used $61.4 million during 1994 as compared to $28.1 million during 1993. $36.1 million was used to buy back shares of the Company's outstanding stock under a share reduction program, and to offset the issuance of stock to employees. Net payments of $18.1 million decreased total debt as a percentage of total capital to 12.7% at the end of fiscal 1994 as compared with 16.8% a year ago. Cash and cash equivalents were $78.9 million at year-end, exceeding all short- and long-term debt of $65.2 million. The ratio of current assets to current liabilities remained at 1.55 to 1 at fiscal year-end 1994, unchanged from fiscal year-end 1993. Quarterly dividends were increased from $.05 to $.06 per share in the second quarter of fiscal 1994. The Company has available $50 million in unused lines of credit.

OUTLOOK

Despite the favorable financial results described above, future revenue and profitability remain difficult to predict. The Company continues to face various risks associated with its business operations including uncertain general worldwide economic conditions, lingering worldwide recessionary conditions, new product acceptance, and uncertainty regarding possible legislation and private initiatives in the U.S. to control health care costs. Such conditions could affect the Company's future performance.

On October 20, 1994, the Company announced that it will seek a buyer for the Electron Devices operations. The sale will not go forward unless the selling price recognizes the increased profitability and improving value attained in the business in recent years.

The Company's operations are subject to various federal, state, and/or local laws regulating the discharge of materials to the environment or otherwise relating to the protection of the environment, such as discharges to soil, waters, and air, and the generation, handling, storage, transportation, and disposal of waste and hazardous substances. These laws have the effect of increasing costs and potential liabilities associated with the conduct of such operations. The Company has also been named by the U.S. Environmental Protection Agency or third parties as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, at seven sites to which Varian is alleged to have shipped manufacturing waste for disposal. The Company is also involved in various stages of environmental investigation and/or remediation under the direction of, or in consultation with, local and/or state agencies at certain current or former Company facilities. Uncertainty as to (a) the extent to which the Company caused, if at all, the conditions being investigated, (b) the extent of environmental contamination and risks, (c) the applicability of changing and complex environmental laws, (d) the number and financial viability of other potentially responsible parties, (e) the stage of the investigation and/or remediation, (f) the unpredictability of investigation and/or remediation costs (including as to when they will be incurred), (g) applicable clean-up standards, (h) the remediation (if any) which will ultimately be required, and (i) available technology make it difficult to assess the likelihood and scope of further investigation or remediation activities or to estimate the future costs of such activities if undertaken. In addition, the Company believes that it has rights to contribution and/or reimbursement from financially viable, potentially responsible parties and/or insurance companies, and has filed a lawsuit against 36 insurance companies with respect to most of the above-referenced sites. The Company has established reserves for these environmental matters, which reserves management believes are adequate. Based on information currently available, management believes that the costs of these matters are otherwise not reasonably likely to have a material adverse effect on the financial condition of the Company.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Varian Associates, Inc. (the Company) is responsible for the integrity of the financial statements of the Company and its subsidiaries. This responsibility involves preparation of financial statements in accordance with generally accepted accounting principles and reporting data which objectively reflect the assets, liabilities, revenues, and expenses of the Company and its subsidiaries.

In accumulating and controlling its financial data, the Company establishes and maintains accounting systems designed to ensure adequate internal controls. Management believes a high level of internal control is maintained by the selection and continual training of qualified personnel, by the establishment and communication of accounting and business policies, and by internal audits. In establishing internal controls, management evaluates the cost of such systems against the benefits received. Management believes the internal control systems in use are adequate to prevent significant misuse of Company assets or misstatement of financial reports.

Coopers & Lybrand, independent accountants, are engaged to render an opinion on the consolidated financial statements. Their opinion expresses an informed judgment on whether management's financial statements, considered in their entirety, present fairly in all material respects, in conformity with generally accepted accounting principles, the Company's financial condition, operating results and cash flows. It is based on procedures described in the second paragraph of their report, which include obtaining an understanding of the Company's systems and procedures and performing tests and other procedures sufficient to provide reasonable assurance that the financial statements are neither materially misleading nor contain material errors. The audits make extensive tests of Company procedures. It is neither practical nor necessary for them to scrutinize a large portion of the Company's transactions.

The Board of Directors, through its Audit and Corporate Responsibility Committee consisting of five independent directors, is responsible for engaging the independent accountants and assuring that management fulfills its responsibilities in the preparation of the financial statements. The Audit and Corporate Responsibility Committee discusses audit and financial reporting matters with both management and Coopers & Lybrand. To ensure complete independence, Coopers & Lybrand meets with the Audit and Corporate Responsibility Committee with and without the presence of management representatives.

With the established system of internal accounting controls, internal audit, and the independent audit by Coopers & Lybrand, the integrity and objectivity of the Company's financial statements are maintained.

/s/ Robert A. Lemos	/s/ Wayne P. Somrak
Robert A. Lemos Vice President, Finance and Chief Financial Officer	Wayne P. Somrak Vice President and Controller

CONSOLIDATED STATEMENTS OF EARNINGS

Varian Associates, Inc. and Subsidiary Companies

	Fiscal Years		
(Dollars in thousands except per share amounts)	1994	1993	1992
SALES	$1,552,477	$1,310,984	$1,288,024
OPERATING COSTS AND EXPENSES			
Cost of sales	1,031,956	876,480	871,667
Research and development	81,326	73,932	76,653
Marketing	187,332	173,443	172,688
General and administrative	121,873	108,765	101,490
Total operating costs and expenses	1,422,487	1,232,620	1,222,498
OPERATING EARNINGS	129,990	78,364	65,526
Interest expense	(6,345)	(6,555)	(5,853)
Interest income	4,353	2,064	2,683

EARNINGS BEFORE TAXES	127,998	73,873	62,356
Taxes on earnings	48,640	28,070	23,700
NET EARNINGS	$ 79,358	$ 45,803	$ 38,656
EARNINGS PER SHARE - FUlly DILUTED	$ 2.22	$ 1.26	$ 1.02

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

Varian Associates, Inc. and Subsidiary Companies

(Dollars in thousands except par values)	Fiscal Year-End 1994	1993
ASSETS		
Current Assets		
Cash and cash equivalents	$ 78,872	$ 73,307
Accounts receivable	338,448	290,513
Inventories	179,176	161,413
Other current assets	72,243	65,493
Total Current Assets	668,739	590,726
Property, Plant, and Equipment	574,402	544,316
Accumulated depreciation and amortization	(339,082)	(313,841)
Net Property, Plant, and Equipment	235,320	230,475
Other Assets	58,364	57,506
TOTAL ASSETS	$ 962,423	$ 878,707
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	$ 4,816	$ 22,858
Accounts payable - trade	78,094	58,654
Accrued expenses	248,751	203,848
Product warranty	41,682	35,615
Advance payments from customers	58,440	61,282
Total Current Liabilities	431,783	382,257
Long-Term Debt	60,399	60,470
Deferred Taxes	20,788	21,919
Total Liabilities	512,970	464,646
Stockholders' Equity		
Preferred stock		
Authorized 1,000,000 shares, par value $1, issued none	-	-
Common stock		
Authorized 99,000,000 shares, par value $1, issued and outstanding 33,979,000 shares (1994), 34,684,000 shares (1993)	33,979	17,342
Retained earnings	415,474	396,719
Total Stockholders' Equity	449,453	414,061
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 962,423	$ 878,707

</TABLE>

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY EXHIBIT 13
Varian Associates, Inc. and Subsidiary Companies

(Dollars in thousands except per share amounts)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock at Cost	Total
BALANCES, FISCAL YEAR-END, 1991	$19,119	$ 76,530	$330,829	$ -	$426,478
Net earnings for the year	-	-	38,656	-	38,656
Issuance of stock under omnibus stock and employee stock purchase plans (including tax benefit of $1,179)	536	15,546	-	-	16,082
Purchase of common stock	-	-	-	(54,468)	(54,468)
Retirement of treasury stock	(1,495)	(52,973)	-	54,468	-
Dividends declared ($0.175 per share)	-	-	(6,492)	-	(6,492)
BALANCES, FISCAL YEAR-END, 1992	18,160	39,103	362,993	-	420,256
Net earnings for the year	-	-	45,803	-	45,803
Issuance of stock under omnibus stock and employee stock purchase plans (including tax benefit of $3,845)	775	26,292	-	-	27,067
Purchase of common stock	-	-	-	(72,228)	(72,228)
Retirement of treasury stock	(1,593)	(65,395)	(5,240)	72,228	-
Dividends declared ($0.195 per share)	-	-	(6,837)	-	(6,837)
BALANCES, FISCAL YEAR-END, 1993	17,342	-	396,719	-	414,061
Net earnings for the year	-	-	79,358	-	79,358
Issuance of stock under omnibus stock and employee stock purchase plans (including tax benefit of $4,821)	839	26,753	-	-	27,592
Purchase of common stock	-	-	-	(63,669)	(63,669)
Retirement of treasury stock	(1,423)	(26,753)	(35,493)	63,669	-
Dividends declared ($0.23 per share)	-	-	(7,889)	-	(7,889)
Two-for-one stock split	17,221	-	(17,221)	-	-
BALANCES, FISCAL YEAR-END, 1994	$33,979	-	$415,474	-	$449,453

See accompanying Notes to the Consolidated Financial Statements.

EXHIBIT 13

CONSOLIDATED STATEMENTS OF CASH FLOWS

Varian Associates, Inc. and Subsidiary Companies

	Fiscal Years		
(Dollars in thousands)	1994	1993	1992
OPERATING ACTIVITIES			
Net Cash Provided by Operating Activities	$120,251	$ 89,815	$130,812
INVESTING ACTIVITIES			
Proceeds from sale of property, plant, and equipment	18,320	5,228	2,735
Purchase of property, plant, and equipment	(62,584)	(45,102)	(48,605)
Purchase of businesses, net of cash acquired	133	(11,879)	-
Other	(7,252)	(6,099)	(6,361)

Net Cash Used by Investing Activities	(51,383)	(57,852)	(52,231)
FINANCING ACTIVITIES			
Net borrowings (payments) on short-term obligations	(12,042)	12,549	1,232
Proceeds from long-term borrowings	-	60,000	-
Principal payments on long-term debt	(6,071)	(49,238)	(18,512)
Proceeds from common stock issued to employees	27,592	27,067	16,082
Purchase of common stock	(63,669)	(72,228)	(54,468)
Dividends paid	(7,590)	(6,761)	(6,373)
Other	392	512	(801)
Net Cash Used by Financing Activities	(61,388)	(28,099)	(62,840)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(1,915)	2,700	(3,363)
Net Increase in Cash and Cash Equivalents	5,565	6,564	12,378
Cash and Cash Equivalents at Beginning of Year	73,307	66,743	54,365
Cash and Cash Equivalents at End of Year	$ 78,872	$ 73,307	$ 66,743
DETAIL OF NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net Earnings	$ 79,358	45,803	$ 38,656
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation	48,029	45,266	44,465
Deferred taxes	(8,283)	2,900	1,062
Amortization of intangibles	4,484	4,429	4,477
Changes in assets and liabilities:			
Accounts receivable	(40,765)	(26,214)	(4,760)
Inventories	(17,374)	16,003	10,263
Other current assets	550	(1,646)	3,935
Accounts payable - trade	18,226	1,972	(3,376)
Accrued expenses	37,929	(5,955)	20,394
Product warranty	5,871	2,056	75
Advance payments from customers	(3,503)	1,629	10,315
Other	(4,271)	3,572	5,306
Net Cash Provided by Operating Activities	$120,251	$ 89,815	$130,812

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year:
The Company's fiscal years reported are the 52- or 53- week periods which end on the Friday nearest September 30.

Principles of Consolidation
The consolidated financial statements include those of the Company and its subsidiaries. Significant intercompany balances, transactions, and stock holdings have been eliminated in consolidation. Investments in less-than-majority-owned affiliated companies are stated at equity in the net assets of these companies.

Foreign Currency Translation:
Assets and liabilities of subsidiaries outside of the United States representing cash and amounts receivable or payable are translated into U.S. dollars at the exchange rates in effect at year end. Other accounts including inventories and property, plant and equipment are translated at historical exchange rates. Revenue and expense items are translated at effective rates of exchange prevailing during each year, except that inventories are charged to cost of sales and depreciation is expensed at historical exchange rates. The aggregate exchange gain (loss) included in general and administrative expenses for 1994, 1993, and 1992 was $(0.1) million, $(8.3) million, and $4.5 million, respectively.

The Company enters into forward exchange contracts to mitigate the effects of operational (sales orders and purchase commitments) and balance sheet exposures to fluctuations in foreign currency exchange rates. When the Company's foreign exchange contracts hedge operational exposure, the effects of movements in currency exchange rates on these instruments are recognized in income when the related revenues and expenses are recognized. When foreign exchange contracts hedge balance sheet exposure, such effects are recognized in income when the exchange rate changes. Because the impact of movements in currency exchange rates on foreign exchange contracts generally offsets the related impact on the underlying items being hedged, these instruments do not subject the Company to risk that would otherwise result from changes in currency exchange rates. At fiscal year-end 1994, the Company had forward exchange contracts with maturities of twelve months or less to sell foreign currencies totaling $9.1 million ($5.4 million of British pounds and $3.7 million of Canadian dollars) and to buy foreign currencies totaling $71.8 million ($14.7 million of British pounds and $57.1 million of Japanese yen).

Revenue Recognition:
Sales and related cost of sales are recognized primarily upon shipment of products. Sales and related cost of sales under long-term contracts to commercial customers and the U.S. Government are recognized primarily as units are delivered.

Statements of Cash Flows:
The Company considers currency on hand, demand deposits, and all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable:
Accounts receivable are stated net of allowances for doubtful accounts of $2.4 million at the end of fiscal year 1994 and $2.2 million at the end of fiscal year 1993.

Inventories:
Inventories are valued at the lower of cost or market (realizable value) using last-in, first-out (LIFO) cost for the U.S. inventories of the Health Care Systems, except X-ray Tube Products, Instruments, and Semiconductor Equipment

segments. All other inventories are valued principally at average cost. Approximately half of total gross inventories are valued using LIFO method. If the first-in, first-out (FIFO) method had been used, inventories would have been higher than reported by $49.0 million in fiscal 1994, $50.8 million in fiscal 1993, and $52.0 million in fiscal 1992. The main components of inventories are as follows:

(Dollars in Millions)	1994	1993
Raw materials and parts	$ 104.2	$ 89.7
Work in process	60.3	44.7
Finished goods	14.7	27.0
Total Inventories	$ 179.2	$ 161.4

Property, Plant, and Equipment:
Property, plant, and equipment are stated at cost. Major improvements are capitalized, while maintenance and repairs are expensed currently . Plant and equipment are depreciated over their estimated useful lives using the straight-line method for financial reporting purposes and accelerated methods for tax purposes. Leasehold improvements are amortized using the straight-line method over their estimated useful lives, or the remaining term of the lease, whichever is less.

The main components of property, plant, and equipment are as follows:

(Dollars in Millions)	1994	1993
Land and land leaseholds	$ 10.8	$ 11.3
Buildings	201.4	194.2
Machinery and equipment	347.2	331.1
Construction in progress	15.0	7.7
Total Property, Plant, and Equipment	$ 574.4	$ 544.3

Taxes on Earnings:
Effective the beginning of fiscal year 1994, the Company adopted Statement of Financial Accounting Standards No.109 (SFAS 109), Accounting for Income Taxes.

The Company elected to adopt this new standard by restating the prior three years. Retained earnings for all years restated was decreased by $7.8 million as a result of adoption, and the income tax provision did not change for any of the three years restated. Adopting SFAS 109 has not caused a significant change in the Company's provision for income taxes. The adoption has not caused a change in the Company's reconciliation of the effective tax rate with the federal statutory rate or a change in the significant components of the income tax expense.

Postemployment Benefits:
During 1994, the Company adopted SFAS 112, Employers' Accounting for Postemployment Benefits. Its adoption did not have a material effect on the financial statements of the Company.

Postretirement Benefits Other Than Pensions:
The Company adopted SFAS 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, during 1994. Its adoption did not have a material effect on the financial statements of the Company.

Research and Development:
Company-sponsored research and development costs related to both present and future products are expensed currently. Costs related to research and development contracts are included in inventory and charged to cost of sales upon recognition of related revenue. Total expenditures on research and development for fiscal 1994, 1993, and 1992, were $93.1 million, $83.4 million, and $86.4 million, respectively, of which $11.8 million, $9.5 million, and $9.7 million, respectively, were funded by customers.

Computation of Earnings Per Share (Shares in thousands):
Earnings-per-share computations are based on the weighted average common shares outstanding and common share equivalents (dilutive stock options). The average number of common shares and common share equivalents used in the computation of earnings per share in 1994, 1993, and 1992, was 35,676, 36,292, and 37,912 shares, respectively. There is no significant difference between fully diluted earnings per share and primary earnings per share.

Stock Split:
On February 17, 1994, the Board of Directors declared a two-for-one stock split in the form of a stock dividend, issued on March 17, 1994, to stockholders of record on March 3, 1994. All share and per share information has been restated to reflect the stock split on a retroactive basis.

ACCRUED EXPENSES

(Dollars in Millions)	1994	1993
Taxes, including taxes on earnings	$ 52.5	$ 40.6
Payroll and employee benefits	90.8	68.3
Estimated loss contingencies	17.9	14.9
Deferred income	23.1	15.4
Other	64.5	64.6
Total Accrued Expenses	$ 248.8	$ 203.8

SHORT-TERM DEBT

Short-term notes payable and the current portion of long-term debt amounted to $4.8 million and $22.9 million at the end of fiscal years 1994 and 1993, respectively. Total debt is subject to limitations included in long-term debt agreements.

At fiscal year-end 1994, the Company had total unused committed lines of credit amounting to $50 million.

LONG-TERM DEBT

(Dollars in Millions)	1994	1993
Unsecured term loan, 7.29% due in semi-annual installments of		

$6.0 payable 1998-2002	$ 60.0	$ 60.0
Unsecured term loan, 9.9%	-	6.0
Other debt	0.5	1.0
Long-term borrowings	60.5	67.0
Less current portion	0.1	6.5
Long-term Debt	$ 60.4	$ 60.5

The unsecured term loans contain covenants which limit future borrowings and require the Company to maintain certain levels of working capital and operating results. At fiscal year-end 1994, the Company was in compliance with all restrictive covenants of the loan agreements, including a restriction on payment of cash dividends. Approximately $44.8 million of retained earnings were unrestricted for payment of cash dividends.

The annual maturities of long-term debt (in millions) for fiscal years 1995 through 1999, are as follows: $0.1, $0.1, $0.1, $12.1, and $12.1.

Interest paid (in millions) on short and long-term debt was $6.4, $6.4, and $6.1, in fiscal 1994, 1993, and 1992, respectively.

OMNIBUS STOCK AND EMPLOYEE STOCK PURCHASE PLANS (SHARES IN THOUSANDS)

During fiscal 1991, the Company adopted the Omnibus Stock Plan (the Plan) under which shares of common stock can be issued to officers, directors, and key employees. The maximum number of shares of common stock available for awards under the Plan during each fiscal year (including incentive stock options) is 5% of the total outstanding shares of the Company on the last business day of the preceding fiscal year. The maximum number of shares of the common stock available for incentive stock option grants under the Plan is 6,000. The exercise price for incentive and nonqualified stock options granted under the Plan may not be less than 100% and 50%, respectively, of the fair market value at the date of the grant. Options granted will be exercisable at such times and be subject to such restrictions and conditions as determined by the Organization and Compensation Committee of the Company's Board of Directors, but no option shall be exercisable later than ten years from the date of grant. Restricted stock grants may be awarded at prices ranging from 0% to 50% of the fair market value of the stock and may be subject to restrictions on transferability and continued employment as determined by the Organization and Compensation Committee.

Options granted are generally exercisable in cumulative installments of one-third each year, commencing one year following date of grant, and expire if not exercised within seven or ten years from date of grant.

Option activity under the Plans is presented below.

	1994		1993		1992	
(Dollars in Millions)	Shares	Dollars	Shares	Dollars	Shares	Dollars
Beginning of year	3,785	$ 60.6	3,871	$ 55.5	3,565	$ 46.2
Granted	1,161	29.5	1,153	22.6	919	17.6
Terminated or expired	(63)	(1.4)	(82)	(1.4)	(79)	(1.2)
Exercised	(884)	(14.5)	(1,158)	(16.0)	(534)	(7.1)
End of Year	3,999	$ 74.2	3,784	$ 60.7	3,871	$ 55.5
Shares exercisable	1,692		1,476		1,661	
Available shares remaining	634		735		1,368	

Options were outstanding at prices ranging from $10.60 to $38.31 per share at fiscal year-end 1994. Options were exercised at prices ranging from $10.60 to $24.25 for fiscal 1994, $10.60 to $23.72 for fiscal 1993, and $10.60 to $16.63 for fiscal 1992.

During fiscal years 1994, 1993, and 1992, 64, 15, and 82, shares, respectively, were awarded under restricted stock grants at no cost to the employees. The restricted stock grants vest over a three year period. Compensation expense from restricted stock was approximately $1.2 million, $0.9 million, and $1.2 million, in fiscal years 1994, 1993, and 1992, respectively.

The Employee Stock Purchase Plan (ESPP) covers substantially all employees in the United States and Canada. The participants' purchase price is the lower of 85% of the closing market price on the first or last trading day of the fiscal quarter. The discount is treated as equivalent to the cost of issuing stock for financial reporting purposes. During fiscal 1994, 1993, and 1992, 266 shares, 382 shares, and 466 shares, were issued under the ESPP for $7.0 million, $6.3 million, and $6.6 million, respectively. At fiscal year-end 1994, the Company had a balance of 3,330 shares reserved for ESPP.

PREFERRED STOCK PURCHASE RIGHTS (SHARES IN THOUSANDS)

At fiscal year-end, there were issued and outstanding 33,979 preferred stock purchase rights (one right for each outstanding common share). Each right entitles the holder to buy one two-hundredth of a share of the Company's Series A Junior Participating Preferred Stock for $62.50. Of the 1,000 shares of authorized preferred stock, 280 shares have been designated as Series A Junior Participating Preferred Stock, to be issued upon exercise of the rights. Upon issuance, these preferred shares will have certain voting, dividend, and liquidation preferences over the common stock, as described in the Rights Agreement of August 25, 1986, as amended.

The rights are exercisable ten days after a person or group has acquired 15% or more of the Company's voting stock, or the tenth day (or such later date as may be determined by the Board of Directors) after the date of the commencement of announcement of a person's or group's intention to commence a tender or exchange offer whose consummation will result in the ownership of 30% or more of stock. If a person or group becomes the beneficial owner of 15% or more of

the voting stock, each right would entitle the holder, other than the acquiring person or group, to buy shares of the Company's Series A Junior Participating Preferred Stock, having a market value of $125, for the exercise price of $62.50. If the Company were to be merged into another entity, or merged with another entity, and the common stock were changed into other securities or assets, each right would entitle the holder to purchase for the exercise price of $62.50 common stock of the acquiring company equal to a market value of twice the exercise price, or $125.

The rights expire on August 25, 1996, but may be redeemed by the Board of Directors of the Company for $.025 per right at any time before they become exercisable.

RETIREMENT PLANS

The Company has defined contribution retirement plans covering substantially all of its domestic and Canadian employees. The Company's major obligation is to contribute an amount based on a percentage of each participant's base pay. The Company also contributes 5% of its consolidated earnings from continuing operations before taxes, as adjusted for discretionary items, as retirement plan profit sharing. Participants are entitled, upon termination or retirement, to their portion of the retirement fund assets, which are held by a third-party trustee. In addition, a number of the Company's foreign subsidiaries have defined benefit retirement plans for regular full-time employees. Total pension expense for all plans amounted to $23.1 million, $18.4 million, and $17.9 million, for fiscal 1994, 1993, and 1992, respectively.

TAXES ON EARNINGS

U.S. federal income tax returns for the years through 1992 have been settled with the Internal Revenue Service. It is believed that adequate provision has been made for all open years and unresolved issues. The detail of taxes on earnings is as follows:

(Dollars in millions)	1994	1993	1992
Current			
U.S. federal	$ 33.3	$ 11.5	$ 7.2
Non-U.S.	15.8	11.7	13.0
State and local	7.8	2.0	2.4

Total current	56.9	25.2	22.6
Deferred			
U.S. federal	(8.8)	2.4	0.2
Non-U.S.	0.5	0.5	0.9
Total deferred	(8.3)	2.9	1.1
Taxes on Earnings	$ 48.6	$ 28.1	$ 23.7

Significant items making up deferred tax liabilities, reported separately as long-term liabilities, and deferred tax assets, included in other current assets, are as follows:

(Dollars in millions)	1994	1993
Assets:		
Product Warranty	$ 13,427	$ 11,313
Deferred Compensation	11,435	8,034
Special Provisions	6,595	6,591
Inventory Adjustments	17,741	11,560
Deferred Income	3,550	2,433
Insurance Reserves	1,183	3,293
Alternative minimum tax credit carryforward	-	1,850
Other	1,309	3,014
	55,240	48,088
Liabilities:		
Accelerated Depreciation	20,522	21,966
Other	266	(47)
	20,788	21,919
Net	$ 34,452	$ 26,169

The reconciliation between the effective tax rates and the statutory federal income tax rates is shown in the following schedule:

	1994	1993	1992
Statutory federal income tax rate	35.0 %	34.8 %	34.0 %
State and local taxes, net of federal tax benefit	4.0	1.7	2.6
Foreign taxes, net	(0.6)	2.7	3.8
Foreign Sales Corporation	(1.8)	(3.7)	(2.7)
Other	1.4	2.5	0.3
Effective Tax Rate	38.0 %	38.0 %	38.0 %

Income taxes paid (refunded) are as follows:

(Dollars in millions)	1994	1993	1992
Federal income taxes paid (refunded), net	$ 25.2	$ 4.5	$ (8.0)
State income taxes paid, net	6.2	1.7	2.0
Foreign income taxes paid, net	11.8	14.9	8.0
Total Paid	$ 43.2	$ 21.1	$ 2.0

LEASE COMMITMENTS

At fiscal year-end 1994, the Company was committed to minimum rentals under noncancellable operating leases for fiscal years 1995 through 1999 and thereafter, as follows, in millions: $9.0, $6.8, $4.5, $3.9, $1.9, and $7.1. Rental expense for fiscal years 1994, 1993 and 1992, in millions, was $20.6, $23.8, and $24.3, respectively.

CONTINGENCIES

In February 1990, a purported class action was brought by Panache Broadcasting of Pennsylvania, Inc. on behalf of all purchasers of electron tubes in the U.S. against the Company and a joint-venture partner, alleging that the activities of their joint venture in the power-grid tube industry violated antitrust laws. The complaint seeks injunctive relief and unspecified damages which may be trebled under the antitrust laws. In February 1993, the U.S. District Court in Chicago granted the Company's motion to dismiss the complaint with leave to amend. Panache Broadcasting filed an amended complaint in March 1993. The Company's motion to dismiss that complaint was granted in part and denied in part. No determination has been made regarding the plaintiff's request to certify the purported class. The Company believes that it has meritorious defenses to the Panache lawsuit.

In addition to the above-referenced matter, the Company is currently a defendant in a number of legal actions and could incur an uninsured liability in one or more of them. In the opinion of management, the outcome of the above litigation will not have a material adverse effect on the financial condition of the Company.

The Company has also been named by the U.S. Environmental Protection Agency or third parties as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, at seven sites to which Varian is alleged to have shipped manufacturing waste for disposal. The Company is also involved in various stages of environmental investigation and/or remediation under the direction of, or in consultation with, local and/or state agencies at certain current or former Company facilities. Uncertainty as to (a) the extent to which the Company caused, if at all, the conditions being investigated, (b) the extent of environmental contamination and risks, (c) the applicability of changing and complex environmental laws, (d) the number and financial viability of other potentially responsible parties, (e) the stage of the investigation and/or remediation, (f) the unpredictability of investigation and/or remediation costs (including as to when they will be incurred), (g) applicable clean-up standards,(h) the remediation (if any) which will ultimately be required, and (i) available technology make it difficult to assess the likelihood and scope of further investigation or remediation activities or to estimate the future costs of such activities if undertaken. In addition, the Company believes that it has rights to contribution and/or reimbursement from financially viable, potentially responsible parties and/or insurance companies, and has filed a lawsuit against 36 insurance companies with respect to most of the above-referenced sites. The Company has established reserves for these environmental matters, which reserves management believes are adequate. Based on information currently available, management believes that the costs of these matters are otherwise not reasonably likely to have a material adverse effect on the financial condition of the Company.

SUBSEQUENT EVENT

On October 20, 1994, the Company announced that it will seek a buyer for the Electron Devices operations. The sale will not go forward unless the selling price recognizes the increased profitability and improving value attained in the business in recent years.

INDUSTRY SEGMENTS

The Company's operations are grouped into four business segments: Health Care

Systems, Instruments, Semiconductor Equipment, and Electron Devices. Indirect and common costs have been allocated through the use of estimates. Accordingly, the following information is provided for purposes of achieving an understanding of operations, but may not be indicative of the financial results of the reported segments were they independent organizations. In addition, comparisons of the Company's operations to similar operations of other companies may not be meaningful.

The Health Care Systems business includes linear accelerators used for cancer therapy, industrial testing, and inspection, as well as cancer treatment planning systems, and data management systems for medical facilities. It also designs and manufactures a broad range of X-ray generating tubes for the medical diagnostic imaging market worldwide. The Instruments business consists of analytical instruments widely used in the fields of chemistry, environmental monitoring, biology, life sciences, and metallurgy. It also manufactures high vacuum pumps, instrumentation, gauges and components. The Semiconductor Equipment business includes systems used for semiconductor wafer fabrication. The Electron Devices business covers a broad line of electron devices used in broadcasting, communications, and other commercial and military applications. Included in Eliminations and Other are certain insignificant support operations.

The Company operates various manufacturing and marketing operations outside the United States. No single country outside the United States accounts for more than 10% of total sales or total assets. Sales between geographic areas are accounted for at cost plus prevailing markups arrived at through negotiations between independent profit centers. Related profits are eliminated in consolidation.

Included in the total of United States sales are export sales of $304 million in fiscal 1994, $207 million in fiscal 1993, and $208 million in fiscal 1992. Sales under prime contracts from the U.S. Government were approximately $71 million in fiscal 1994, $69 million in fiscal 1993, and $79 million in fiscal 1992.

INDUSTRY SEGMENTS

	Sales			Pretax Earnings (Loss)		
(Dollars in millions)	1994	1993	1992	1994	1993	1992
Health Care Systems	$ 426	$ 387	$ 374	$ 86	$ 75	$ 68
Instruments	372	352	352	33	35	30
Semiconductor Equipment	477	291	275	36	1	(4)
Electron Devices	275	278	285	18	12	(1)
Eliminations & Other	2	3	2	(9)	(7)	(7)
Total Industry Segments	1,552	1,311	1,288	164	116	86
General Corporate	-	-	-	(34)	(38)	(21)
Interest, Net	-	-	-	(2)	(4)	(3)
Total Company	$1,552	$1,311	$1,288	$128	$ 74	$ 62

	Identifiable Assets			Capital Expenditures			Depreciation		
(Dollars in millions)	1994	1993	1992	1994	1993	1992	1994	1993	1992
Health Care Systems	$ 201	$ 187	$ 171	$ 11	$ 8	$ 8	$ 9	$ 8	$ 8

Instruments	196	180	179	17	12	13	10	10	10
Semiconductor Equipment	196	148	146	6	5	10	9	9	9
Electron Devices	170	172	182	13	9	8	13	12	11
Eliminations & Other	8	9	12	1	1	-	1	1	1
Total Industry Segments	771	696	690	48	35	39	42	40	39
General Corporate	191	183	189	15	12	10	6	5	5
Interest, Net	-	-	-	-	-	-	-	-	-
Total Company	$ 962	$ 879	$ 879	$ 63	$ 47	$ 49	$ 48	$ 45	$ 44

GEOGRAPHIC SEGMENTS

	Sales to Unaffiliated Customers			Intergeographic Sales to Affiliates			Total Sales		
(Dollars in millions)	1994	1993	1992	1994	1993	1992	1994	1993	1992
United States	$1,098	$ 932	$ 879	$ 297	$ 223	$ 229	$1,395	$1,155	$1,108
International	453	378	408	61	56	52	514	434	460
Eliminations & Other	1	1	1	(358)	(279)	(281)	(357)	(278)	(280)
Total Geographic Segments	1,552	1,311	1,288	-	-	-	1,552	1,311	1,288
General Corporate	-	-	-	-	-	-	-	-	-
Interest, Net	-	-	-	-	-	-	-	-	-
Total Company	$1,552	$1,311	$1,288	$ -	$ -	$ -	$1,552	$1,311	$1,288

	Pretax Earnings (Loss)			Identifiable Assets		
(Dollars in millions)	1994	1993	1992	1994	1993	1992
United States	$139	$106	$ 71	$538	$494	$456
International	34	17	22	225	193	222
Eliminations & Other	(9)	(7)	(7)	8	9	12
Total Geographic Segments	164	116	86	771	696	690
General Corporate	(34)	(38)	(21)	191	183	189
Interest, Net	(2)	(4)	(3)	-	-	-
Total Company	$128	$ 74	$ 62	$962	$879	$879

Total sales is based on the location of the operation furnishing goods and services. International sales based on final destination of products sold are $732 million, $561 million, and $587 million, in 1994, 1993, and 1992, respectively.

QUARTERLY FINANCIAL DATA (UNAUDITED)

(Dollars in millions except per share amounts)	1994 First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Sales	$ 323.8	394.5	393.0	441.2	1,552.5
Gross Profit	$ 104.1	129.8	130.4	156.2	520.5
Net Earnings	$ 11.7	18.3	22.4	27.0	79.4
Net Earnings Per Share - Fully Diluted	$ 0.33	0.51	0.63	0.76	2.22

(Dollars in millions except per share amounts)	1993 First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Sales	$ 291.3	325.3	327.9	366.5	1,311.0
Gross Profit	$ 90.9	108.6	108.6	126.4	434.5
Net Earnings	$ 6.6	9.3	12.0	17.9	45.8
Net Earnings Per Share - Fully Diluted	$ 0.18	0.25	0.33	0.51	1.26

The four quarters for net earnings per share may not add for the year because of the different number of shares outstanding during the year.

COMMON STOCK PRICES (UNAUDITED)

	1994				1993			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Common Stock								
High	$ 30	39	35 5/8	38 5/8	$ 22 3/8	23 7/8	26 3/4	27
Low	$ 26	32 1/2	32 1/4	35 7/8	$ 16 7/8	19	22	23 7/8
Dividends Declared								
Per Share	$.050	.060	.060	.060	$.045	.050	.050	.050

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Varian Associates, Inc.

We have audited the accompanying consolidated balance sheets of Varian Associates, Inc. and subsidiary companies as of September 30, 1994 and October

1, 1993, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three fiscal years in the period ended September 30, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Varian Associates, Inc. and subsidiary companies as of September 30, 1994 and October 1, 1993, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended September 30, 1994 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.
- - - -----------------------------
COOPERS & LYBRAND L.L.P.

San Jose, California
October 19, 1994

EXHIBIT 21

VARIAN ASSOCIATES, INC.
SUBSIDIARIES OF THE REGISTRANT
FISCAL 1994

	ORGANIZED UNDER LAWS OF	PERCENTAGE OF VOTING SECURITIES OWNED
VARIAN ASSOCIATES, INC. (REGISTRANT):		
Varian Sample Preparation Products, Inc.	California	100%
Varian Associates Limited	California	100%
Varian Inter-American Corp.	California	100%
Varian Investment Corporation	California	100%
Varian Realty Inc.	California	100%
Varian China, Ltd.	Delaware	100%
Vaian Ireland, Ltd.	Delaware	100%
Varian Japan, Ltd.	Delaware	100%
Varian Microwave Equipment, Ltd.	Delaware	100%
Varian Pacific, Inc.	Delaware	100%
Varian Instruments of Puerto Rico, Inc.	Delaware	100%
Varian Ltd.	Delaware	100%
Varian Semiconductor Equipment Cp. Inc.	Delaware	100%
Mansfield Insurance Company	Vermont	100%
Varian Australia Pty., Ltd.	Australia	100%
Varian Holdings (Australia) Pty. Limited	Australia	100%
Varian Gesellschaft m.b.H	Austria	100%
Varian Belgium, N.V.	Belgium	100%
Varian Industria E Comercia Limitada	Brazil	100%
Intralab Instrumentacao Analytica Ltda.	Brazil	100%
Varian Canada, Inc.	Canada	100%
Varian AS	Denmark	100%
Varian S.A.	France	100%
Varian - Dosetek OY	Finland	100%
Varian GmbH	Germany	100%
Varian S.p.A.	Italy	100%
Varian, S.A.	Mexico	100%
Varian Espana, S.A.	Spain	100%
Varian AB	Sweden	100%
Varian International AG	Switzerland	100%
Varian Nederland B.V.	The Netherlands	100%
Varian FSC B.V.	The Netherlands	100%
Varian - TEM Limited	England	100%
Varian Iberica, S.L.	Spain	70%
Varian Korea, Ltd.	Korea	61%
TEL-Varian, Ltd.	Japan	50%

</TABLE>

All of the above subsidiaries are included in the Company's consolidated financial statements. The names of certain consolidated subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not consitute a significant subsidiary.

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Varian Associates, Inc. on Forms S-8 (Nos. 33-46000, 33-33661, 33-33660, 2-95139, and 33-1425) and Forms S-8 and S-3, (No. 33-40460), of our report dated October 19, 1994, on our audits of the consolidated financial statements and financial statement schedules of Varian Associates, Inc. as of September 30, 1994 and October 1, 1993 and for each of the three fiscal years in the period ended September 30, 1994, which report is incorporated in this Form 10-K by reference to the Company's 1994 Annual Report to Stockholders.

/s/ Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

San Jose, California
December 21, 1994

EXHIBIT 24

POWER OF ATTORNEY

The undersigned directors of Varian Associates, Inc., a Delaware corporation ("Company"), hereby constitute and appoint Robert A. Lemos and Joseph B. Phair, and each of them with full power to act without the other, the undersigned's true and lawful attorney-in-fact, with full power of substitution and resubstitution, for the undersigned and in the undersigned's name, place and stead in the undersigned's capacity as a director of the Company, to execute in the name and on behalf of the undersigned of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1994 ("Report"), under the Securities and Exchange Act of 1934, as amended, and to file such Report, with exhibits thereto and other documents in connection therewith and any and all amendments thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done and to take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required of, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion. This Power of Attorney may be executed in any number of counterparts, all of which together shall constitute one and the same Power of Attorney.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of November, 1994.

/s/ Ruth M. Davis Ruth M. Davis	/s/ Samuel Hellman Samuel Hellman
/s/ Terry R. Lautenbach Terry R. Lautenbach	/s/ Angus A. MacNaughton Angus A. MacNaughton
/s/ David W. Martin, Jr. David W. Martin, Jr.	/s/ John G. McDonald John G. McDonald
/s/ William F. Miller William F. Miller	/s/ Gordon E. Moore Gordon E. Moore
/s/ David E. Mundell David E. Mundell	/s/ Donald O. Pederson Donald O. Pederson
Philip J. Quigley	/s/ Burton Richter Burton Richter
/s/ Paul G. Stern Paul G. Stern	/s/ Richard W. Vieser Richard W. Vieser

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EXHIBIT 27
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VARIAN ASSOCIATES INC., AND SUBSIDIARY COMPANIES, CONSOLIDATED BALANCE SHEETS, CONSOLIDATED STATEMENTS OF EARNINGS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, ALL CONTAINED WITHIN EXHIBIT 13, REGISTRANT'S 1994 ANNUAL REPORT TO STOCKHOLDERS.
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