

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC

**FORM 8-K**

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

Date of Report (Date of earliest event reported): October 5, 2016

**KLA-TENCOR CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**000-09992**

(Commission File Number)

**04-2564110**

(IRS Employer  
Identification No.)

**One Technology Drive, Milpitas, California 95035**  
(Address of principal executive offices, including zip code)

**(408) 875-3000**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.02. Termination of a Material Definitive Agreement.**

On October 5, 2016, KLA-Tencor Corporation (the "Company") and Lam Research Corporation ("Lam Research") entered into a Termination Agreement (the "Termination Agreement") to terminate the Agreement and Plan of Merger and Reorganization, dated as of October 20, 2015, by and among the Company, Lam Research, Topeka Merger Sub 1, Inc. and Topeka Merger Sub 2, Inc. (the "Merger Agreement"). The parties decided to it was not in the best interests of their respective stakeholders to continue pursuing the merger after the U.S. Department of Justice (the "DOJ") advised KLA-Tencor and Lam Research that it would not continue with a consent decree that the parties had been negotiating. No termination fees will be payable by either the Company or Lam Research in connection with the termination of the Merger Agreement.

A copy of the Termination Agreement is attached hereto as Exhibit 2.1 and is incorporated herein by reference. The terminated Merger Agreement is more fully described in the Company's current report on Form 8-K filed with the Securities and Exchange Commission on October 21, 2015.

**Item 8.01. Other Events.**

On October 5, 2016, the Company announced that its board of directors has authorized an increase in the level of the Company's quarterly dividend from \$0.52 to \$0.54 per share. This increase is expected to take effect beginning with KLA-Tencor's quarterly dividend to be declared in November 2016.

A copy of the press release related to the increase in the level of the Company's quarterly dividend is attached hereto as Exhibit 99.2 and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Termination Agreement dated October 5, 2016 by and between the Company and Lam Research.
99.1	Press release by the Company dated October 5, 2016 related to termination of the Merger Agreement.
99.2	Press release by the Company dated October 5, 2016 related to regular quarterly dividend.

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**SIGNATURE**

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

**KLA-TENCOR CORPORATION**

Date: October 5, 2016

/s/ Teri A. Little

Teri A. Little

Senior Vice President and General Counsel

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## EXHIBIT INDEX

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## TERMINATION AGREEMENT

This Termination Agreement (this “**Agreement**”) is entered into as of October 5, 2016 by and between Lam Research Corporation, a Delaware corporation (“**Lam Research**”), and KLA-Tencor Corporation, a Delaware corporation (“**KLA-Tencor**”) (each, a “**Party**” and collectively, the “**Parties**”).

### RECITALS

WHEREAS, on October 20, 2015, Lam Research, KLA-Tencor, Topeka Merger Sub 1, Inc., a Delaware corporation, and Topeka Merger Sub 2, Inc., a Delaware corporation, entered into that certain Agreement and Plan of Merger and Reorganization (the “**Merger Agreement**”). Capitalized terms used herein and not defined have the meanings assigned thereto in the Merger Agreement.

WHEREAS, pursuant to Section 8.1(a) of the Merger Agreement, the Parties are entitled to terminate the Merger Agreement by mutual written consent.

WHEREAS, the Parties desire to terminate the Merger Agreement by mutual written consent, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

### AGREEMENT

- Termination of Merger Agreement.** Pursuant to Section 8.1(a) of the Merger Agreement, the Parties hereby agree that the Merger Agreement, including all schedules and exhibits thereto, and all ancillary agreements contemplated thereby (collectively, the “**Transaction Documents**”), are hereby terminated effective immediately on the date hereof and, notwithstanding anything to the contrary in the Transaction Documents, including Section 8.2 of the Merger Agreement, the Transaction Documents are terminated in their entirety and shall be of no further force or effect whatsoever (the “**Termination**”); provided that the Confidentiality Agreement shall remain in full force and effect in accordance with its terms, though the penultimate sentence of paragraph 7 thereof shall be amended to read “Any destruction of Evaluation Material pursuant to this paragraph shall be certified in writing to the Counterparty or the Company, as applicable, by an authorized officer supervising such destruction.”
  - No Termination Fees.** The parties acknowledge and agree that neither a Company Termination Fee nor a Parent Termination Fee shall be payable in connection with the Termination.
  - Representations and Warranties.** Each Party represents and warrants to the other that: (a) such Party has all requisite corporate power and authority to enter into this Agreement and to take the actions contemplated hereby; (b) the execution and delivery of this Agreement and the actions contemplated hereby have been duly authorized by all necessary corporate or other action on the part of such Party; and (c) this Agreement has been duly and validly executed and delivered by such Party and, assuming the due authorization, execution and delivery of this Agreement by the other Parties, constitutes a legal, valid and binding obligation of such Party enforceable against such Party in accordance with its terms, except as that enforceability may be (i) limited by any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar Laws affecting the enforcement of creditors’ rights generally and (ii) subject to general principles of equity (regardless of whether that enforceability is considered in a proceeding in equity or at law).
  - Further Assurances.** Each Party shall, and shall cause its Subsidiaries and affiliates to, cooperate with each other in the taking of all actions necessary, proper or advisable under this Agreement and applicable Laws to effectuate the Termination. Without limiting the generality of the foregoing, the Parties
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shall, and shall cause their respective Subsidiaries and affiliates to, cooperate with each other in connection with the withdrawal of any applications to or termination of proceedings before any Governmental Authority or under any Antitrust Law, in each case to the extent applicable, in connection with the transactions contemplated by the Transaction Documents.

5. Entire Agreement. This Agreement and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the Parties or any of them with respect to the subject matter hereof.

6. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to conflicts of laws principles that would result in the application of the Law of any other state.

7. Submission to Jurisdiction; Appointment of Agent for Service of Process. Each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such action or proceeding except in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and any appellate court from any thereof, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and any appellate court from any thereof, (iii) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in such courts and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts. Each of the Parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each Party to this Agreement irrevocably consents to service of process inside or outside the territorial jurisdiction of the courts referred to in this Section 7 in the manner provided for notices in Section 9.4 of the Merger Agreement. Nothing in this Agreement will affect the right of any Party to this Agreement to serve process in any other manner permitted by Law.

8. Waiver of Jury Trial. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. Counterparts. This Agreement may be executed and delivered (including by e-mail of a .pdf, .tif, .jpeg or similar attachment (“**Electronic Delivery**”)) in two or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Any such counterpart, to the extent delivered using Electronic Delivery shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such party forever waives any such defense, except to the extent that such defense relates to lack of authenticity.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

**LAM RESEARCH CORPORATION**

By: /s/ Martin B. Anstice  
Name: Martin B. Anstice  
Title: President and Chief Executive Officer

**KLA-TENCOR CORPORATION**

By: /s/ Richard P. Wallace  
Name: Richard P. Wallace  
Title: President and Chief Executive Officer

## **KLA-TENCOR ANNOUNCES TERMINATION OF MERGER AGREEMENT WITH LAM RESEARCH**

MILPITAS, Calif., Oct. 5, 2016 /PRNewswire/ -- KLA-Tencor Corporation (NASDAQ: KLAC) (the "Company") and Lam Research Corp. (NASDAQ: LRCX) today announced that they have agreed to terminate their proposed merger agreement. The parties decided to it was not in the best interests of their respective stakeholders to continue pursuing the merger after the U.S. Department of Justice (the "DOJ") advised KLA-Tencor and Lam Research that it would not continue with a consent decree that the parties had been negotiating. No termination fees will be payable by either the Company or Lam Research in connection with the termination of the Merger Agreement.

"Although we are disappointed with this outcome, KLA-Tencor's performance over the past several quarters demonstrates the Company is executing our strategies at a high level and creating compelling value for the industry and for our stockholders," commented Rick Wallace, President and Chief Executive Officer of KLA-Tencor.

"Today our customer engagement and market leadership is strong and KLA-Tencor is delivering superior financial results. Growth and earnings momentum is expected to continue as we go forward, fueled by new products in the marketplace today, and with many more products in the pipeline," continued Mr. Wallace. "Additionally, our collaboration over the past year with Lam Research and with our customers has affirmed the value of closer cooperation between process and process control for new, enabling solutions. For that reason, we plan to explore collaboration opportunities with Lam Research around programs identified as beneficial to our customers."

### **Investor Conference Call Information**

KLA-Tencor will hold a conference call that begins at 10:00 a.m. EDT/7:00 a.m. PDT on Thursday, October 6, 2016. A live webcast will be available on the Investor Relations page at [www.kla-tencor.com](http://www.kla-tencor.com). Dial-in details are Toll Free: 1 (888) 444-4022; Conference ID: 80449936. Participants should dial in 15 minutes before the call to allow time to be connected by the operator.

### **About KLA-Tencor**

KLA-Tencor Corporation (NASDAQ: KLAC), a leading provider of process control and yield management solutions, partners with customers around the world to develop state-of-the-art inspection and metrology technologies. These technologies serve the semiconductor, LED, and other related nanoelectronics industries. With a portfolio of industry standard products and a team of world-class engineers and scientists, the company has created superior solutions for its customers for nearly 40 years. Headquartered in Milpitas, Calif., KLA-Tencor has dedicated customer operations and service centers around the world. Additional information may be found at [www.kla-tencor.com](http://www.kla-tencor.com). (KLAC-F)

### **Caution Regarding Forward-Looking Statements**

Statements in this press release regarding KLA-Tencor's growth and earnings momentum constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: the demand for semiconductors; the financial condition of the global capital markets and the general macroeconomic environment; new and enhanced product and technology offerings by competitors; cancellation of orders by customers; the ability of KLA-Tencor's research and development teams to successfully innovate and develop technologies and products that are responsive to customer demands; KLA-Tencor's ability to successfully manage its costs; market acceptance of KLA-Tencor's existing and newly issued products; changing customer demands; and industry transitions; and the other factors described in KLA-Tencor's Annual Report on Form 10-K filed with the Securities and Exchange Commission on August 5, 2016. KLA-Tencor disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release, except to the extent required by law.

CONTACT: Company Contacts: KLA-Tencor Investor Relations, Ed Lockwood, Phone: 408-875-9529, Email: [ed.lockwood@kla-tencor.com](mailto:ed.lockwood@kla-tencor.com);  
Media Relations, Meggan Powers, Phone: 408-875-8733, Email: [meggan.powers@kla-tencor.com](mailto:meggan.powers@kla-tencor.com)



## **KLA-Tencor Increases Quarterly Dividend Level To \$0.54 Per Share From \$0.52 Per Share**

MILPITAS, Calif., Oct. 5, 2016 /PRNewswire/ -- [KLA-Tencor Corporation](#)(R) (Nasdaq: KLAC) today announced that its board of directors has authorized an increase of the level of the company's quarterly dividend from \$0.52 to \$0.54 per share. This increase is expected to take effect beginning with KLA-Tencor's quarterly dividend to be declared in November 2016. This represents a four percent increase compared to the prior quarterly dividend, and is the eighth quarterly dividend increase since KLA-Tencor first instituted its dividend policy in April 2005.

"Today's dividend increase reflects the continued strength and sustainability of KLA-Tencor's cash flow, our confidence in our business model, and our commitment to enhancing stockholder value," said Rick Wallace, president and chief executive officer of KLA-Tencor.

### **About KLA-Tencor:**

KLA-Tencor Corporation (NASDAQ: KLAC), a leading provider of process control and yield management solutions, partners with customers around the world to develop state-of-the-art inspection and metrology technologies. These technologies serve the semiconductor, LED, and other related nanoelectronics industries. With a portfolio of industry standard products and a team of world-class engineers and scientists, the company has created superior solutions for its customers for nearly 40 years. Headquartered in Milpitas, Calif., KLA-Tencor has dedicated customer operations and service centers around the world. Additional information may be found at [www.kla-tencor.com](http://www.kla-tencor.com). (KLAC-F)

### **Forward Looking Statements:**

Statements in this press release other than historical facts, such as statements regarding the expected future level of KLA-Tencor's quarterly dividend, the timing of the expected increase in the level of the company's quarterly dividend to take effect, the company's commitment to continue paying dividends at any level in the future, and the company's future cash flow and confidence in its business model and the company's commitment to enhancing stockholder value, are forward-looking statements, and are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current information and expectations, and involve a number of risks and uncertainties. Actual future results and/or events may differ materially from those projected in such statements due to various factors, including but not limited to: a change in KLA-Tencor's dividend policy by the company's board of directors (which has the ability in its sole discretion to increase, decrease or eliminate entirely the company's dividend at any time); unanticipated material payment obligations incurred by KLA-Tencor that decrease the company's willingness or ability to continue paying dividends at the anticipated increased level and timing, or at all; the demand for semiconductors; the financial condition of the global capital markets and the general macroeconomic environment; new and enhanced product and technology offerings by competitors; cancellation of orders by customers; the ability of KLA-Tencor's research and development teams to successfully innovate and develop technologies and products that are responsive to customer demands; KLA-Tencor's ability to successfully manage its costs; market acceptance of KLA-Tencor's existing and newly issued products; changing customer demands or technological requirements; and industry transitions. For other factors that may cause actual results to differ materially from those projected and anticipated in forward-looking statements in this release, please refer to KLA-Tencor's Annual Report on Form 10-K for the year ended June 30, 2016, subsequently filed Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein). KLA-Tencor assumes no obligation to, and does not currently intend to, update these forward-looking statements.

CONTACT: Investor Relations, Ed Lockwood, Sr. Director, Investor Relations, (408) 875-9529, [ed.lockwood@kla-tencor.com](mailto:ed.lockwood@kla-tencor.com), or Media Relations, Meggan Powers, Sr. Director, Corporate Communications, (408) 875-8733, [meggan.powers@kla-tencor.com](mailto:meggan.powers@kla-tencor.com)