#### UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

## FORM 8-K

## **CURRENT REPORT**

# Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2017

# KLA-TENCOR CORPORATION (Exact name of registrant as specified in its charter) 000-09992 04-2564110 Delaware (State or other jurisdiction of incorporation) (Commission File Number) (I.R.S. Employer Identification No.) One Technology Drive, Milpitas, California 95035 (Address of principal executive offices) (Zip Code) Registrant's telephone number, including area code: (408) 875-3000 (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))

#### Item 2.02 Results of Operations and Financial Condition.

On April 27, 2017, KLA-Tencor Corporation (the "Company") issued a press release announcing selected financial and operating results for its third quarter of fiscal year 2017. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

## Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is furnished herewith:

Exhibit No. Description

99.1 Text of press release furnished by KLA-Tencor Corporation dated April 27, 2017

#### **SIGNATURES**

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

## KLA-TENCOR CORPORATION

Date: April 27, 2017 By: /s/ Teri A. Little

Name: Teri A. Little

Title: Senior Vice President and General Counsel

#### EXHIBIT INDEX

Exhibit No. Description

99.1 Text of press release furnished by KLA-Tencor Corporation dated April 27, 2017

#### FOR IMMEDIATE RELEASE

**Investor Relations:** 

Ed Lockwood Sr. Director, Investor Relations (408) 875-9529 ed.lockwood@kla-tencor.com

#### **Media Relations:**

Becky Howland Sr. Director, Corporate Communications (408) 875-9350 becky.howland@kla-tencor.com

#### KLA-TENCOR REPORTS FISCAL 2017 THIRD QUARTER RESULTS

MILPITAS, Calif., April 27, 2017 - KLA-Tencor Corporation (NASDAQ: KLAC) today announced operating results for itsthird quarter of fiscal year 2017, which ended on March 31, 2017, and reported GAAP net income of \$254 million and GAAP earnings per diluted share of \$1.61 on revenues of \$914 million.

"KLA-Tencor delivered excellent results in Q3 of fiscal 2017, thanks to another outstanding performance by our employees in executing the Company's growth strategies in an exciting and dynamic period for the Company, and for the semiconductor industry," commented Rick Wallace, President and Chief Executive Officer of KLA-Tencor. "These outstanding results are the product of KLA-Tencor's market leadership and continued track record of successful execution of our strategic objectives."

GAAP Results									
	Q3 FY 2017	Q2 FY 2017	Q3 FY 2016						
Revenues	\$914 million	\$877 million	\$712 million						
Net Income	\$254 million	\$238 million	\$176 million						
Earnings per Diluted Share	\$1.61	\$1.52	\$1.12						

Non-GAAP Results								
	Q3 FY 2017	Q2 FY 2017	Q3 FY 2016					
Net Income	\$256 million	\$238 million	\$179 million					
Earnings per Diluted Share	\$1.62	\$1.52	\$1.15					

A reconciliation between GAAP operating results and non-GAAP operating results is provided following the financial statements included in this release. Non-GAAP results include the impact of stock-based compensation, but exclude the impact of acquisitions, restructuring, severance, merger and other related charges and certain discrete tax items. KLA-Tencor will discuss the results for its fiscal year 2017 third quarter, along with its outlook, on a conference call today beginning at 2:00 p.m. Pacific Daylight Time. A webcast of the call will be available at: <a href="www.kla-tencor.com">www.kla-tencor.com</a>.

## About KLA-Tencor:

KLA-Tencor Corporation, 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 40 years. Headquartered in Milpitas, Calif., KLA-Tencor has dedicated customer operations and service centers around the world. Additional information may be found at http://www.kla-tencor.com. (KLAC-F)

#### **Use of Non-GAAP Financial Information**:

The non-GAAP and supplemental information provided in this press release is a supplement to, and not a substitute for, KLA-Tencor's financial results presented in accordance with United States GAAP.

To supplement KLA-Tencor's condensed consolidated financial statements presented in accordance with GAAP, the company provides certain non-GAAP financial information, which is adjusted from results based on GAAP to exclude certain costs and expenses (benefits), as well as other supplemental information. The non-GAAP and supplemental information is provided to enhance the user's overall understanding of KLA-Tencor's operating performance and its prospects in the future. Specifically, KLA-Tencor believes that the non-GAAP information provides useful measures to both management and investors regarding financial and business trends relating to KLA-Tencor's financial performance by excluding certain costs and expenses (benefits) that the company believes are not indicative of its core operating results. The non-GAAP information is among the budgeting and planning tools that management uses for future forecasting. However, because there are no standardized or generally accepted definitions for most non-GAAP financial metrics, definitions of non-GAAP financial metrics (for example, determining which costs and expenses (benefits) to exclude when calculating such a metric) are inherently subject to significant discretion. As a result, non-GAAP financial metrics may be defined very differently from company to company, or even from period to period within the same company, which can potentially limit the usefulness of such information to an investor. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with United States GAAP.

# **KLA-Tencor Corporation**

# **Condensed Consolidated Unaudited Balance Sheets**

(In thousands)	March 31, 2017		June 30, 2016	
ASSETS				
Cash, cash equivalents and marketable securities	\$	2,703,514	\$ 2,491,294	
Accounts receivable, net		734,717	613,233	
Inventories		696,784	698,635	
Other current assets		118,315	64,870	
Land, property and equipment, net		285,740	278,014	
Goodwill		335,236	335,177	
Deferred income taxes, non-current		258,005	302,219	
Purchased intangibles, net		2,038	4,331	
Other non-current assets		190,096	174,659	
Total assets	\$	5,324,445	\$ 4,962,432	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$	139,452	\$ 106,517	
Deferred system profit		189,367	174,551	
Unearned revenue		51,849	59,147	
Current portion of long-term debt		249,971	_	
Other current liabilities		618,547	662,208	
Total current liabilities		1,249,186	1,002,423	
Non-current liabilities:				
Long-term debt		2,704,856	3,057,936	
Unearned revenue		62,515	56,336	
Other non-current liabilities		160,576	 156,623	
Total liabilities		4,177,133	4,273,318	
Stockholders' equity:				
Common stock and capital in excess of par value		493,899	452,974	
Retained earnings		702,297	284,825	
Accumulated other comprehensive income (loss)		(48,884)	(48,685)	
Total stockholders' equity		1,147,312	689,114	
Total liabilities and stockholders' equity	\$	5,324,445	\$ 4,962,432	

# **KLA-Tencor Corporation**

# **Condensed Consolidated Unaudited Statements of Operations**

Three months e	nded Ma	Nine months ended March 31,					
2017	2016			2017		2016	
721,016	\$	530,623	\$	1,966,502	\$	1,519,142	
192,793		181,810		574,865		546,180	
913,809		712,433		2,541,367		2,065,322	
343,274		274,599		939,617		825,823	
130,170		115,589		390,315		353,804	
96,252		87,407		284,172		275,602	
24,964		24,907		79,049		80,388	
319,149		209,931		848,214		529,705	
65,587		34,154		178,300		96,824	
253,562	\$	175,777	\$	669,914	\$	432,881	
1.62	\$	1.13	\$	4.28	\$	2.78	
1.61	\$	1.12	\$	4.26	\$	2.76	
0.54	\$	0.52	\$	1.60	\$	1.56	
156,749		155,690		156,402		155,921	
157,746		156,429		157,297		156,797	
	2017  721,016 192,793 913,809  343,274 130,170 96,252 24,964 319,149 65,587 253,562  1.62 1.61 0.54	721,016 \$ 192,793 913,809  343,274 130,170 96,252 24,964 319,149 65,587 253,562 \$  1.62 \$ 1.61 \$ 0.54 \$	721,016     \$ 530,623       192,793     181,810       913,809     712,433       343,274     274,599       130,170     115,589       96,252     87,407       24,964     24,907       319,149     209,931       65,587     34,154       253,562     \$ 175,777       1.62     \$ 1.13       1.61     \$ 1.12       0.54     \$ 0.52       156,749     155,690	2017         2016           721,016         \$ 530,623         \$ 192,793         181,810           913,809         712,433         712,433           343,274         274,599         130,170         115,589           96,252         87,407         24,964         24,907           319,149         209,931         65,587         34,154           253,562         \$ 175,777         \$           1.62         \$ 1.13         \$           1.61         \$ 0.52         \$           156,749         155,690	2017         2016         2017           721,016         \$ 530,623         \$ 1,966,502           192,793         181,810         574,865           913,809         712,433         2,541,367           343,274         274,599         939,617           130,170         115,589         390,315           96,252         87,407         284,172           24,964         24,907         79,049           319,149         209,931         848,214           65,587         34,154         178,300           253,562         \$ 175,777         \$ 669,914           1.62         \$ 1.13         \$ 4.28           1.61         \$ 1.12         \$ 4.26           0.54         \$ 0.52         \$ 1.60           156,749         155,690         156,402	2017         2016         2017           721,016         \$ 530,623         \$ 1,966,502         \$ 192,793           181,810         574,865           913,809         712,433         2,541,367           343,274         274,599         939,617           130,170         115,589         390,315           96,252         87,407         284,172           24,964         24,907         79,049           319,149         209,931         848,214           65,587         34,154         178,300           253,562         \$ 175,777         \$ 669,914         \$           1.62         \$ 1.13         \$ 4.28         \$           1.61         \$ 1.12         \$ 4.26         \$           0.54         \$ 0.52         \$ 1.60         \$	

# KLA-Tencor Corporation Condensed Consolidated Unaudited Statements of Cash Flows

Idea flows from operating activities:         28.23.562         \$ 175.777           Net income         \$ 23.562         \$ 175.777           Adjissments to reconcile net income to net cash provided by operating activities:         \$ 14.198         15.780           Desprecation and amortization         14.198         15.780           Asset impairment charges         - 2.03         9.185           Non-cash stock-based compensation expense         - 3.03         9.185           Excess tax benefit from equity swards         - 3.03         2.0470           Changes in asset and idabilities:         - 3.03         2.0470           Changes in asset and idabilities:         (64.509)         18.7815           Decrease (increase) in other assets         1.08.715         3.522           Increase in accounts prosphyle         2.28.28         2.0.065           Decrease (increase) in other assets         1.03.71         3.571           Increase in other liabilities         3.74.6         3.23.2           Net can provided by operating activities         2.02.13         3.24.8           Net can provided by operating activities         9.04.1         (8.94)           Proceeds from sale of available-for-sale securities         1.02.2         2.811           Purchases of from sale of available-for-sale securities		Three mor		ed	
Note come	(In thousands)	2017		2016	
Adjustments to reconcile net income to net eash provided by operating activities:	Cash flows from operating activities:				
Depreciation and amortization         14,198         15,780           Asset impairment charges         1,038         1,038           Non-cash stock-based compensation expense         12,256         9,185           Excess tax benefit from equity awards         5         (635)           Net gain on sales of marketable securities and other investments         53         (2,647)           Changes in asserts and liabilities:         4         (84,509)         (186,715)           Increase in ineventories         (82,288)         (26,050)           Decrease (increase) in other assets         (83,71)         8,322           Increase in decreasing by about a secretial provided by operating activities         23,431         3,535           Net cash provided by operating activities         274,838         11,497           Assert flows from investing activities         2,248         12,525           Net cash provided by operating activities         3,321,83         2,321,255           Proceeds from sale of assets         -         2,811           Proceeds from sale of available-for-sale securities         3,821,38         2,491,269           Proceeds from sale of available-for-sale securities         3,821,38         3,432,39           Proceeds from sale of available-for-sale securities         3,821,34         3,432,34	Net income	\$ 253,562	\$	175,777	
Asst impairment charges	Adjustments to reconcile net income to net cash provided by operating activities:				
Non-eash stock-based compensation expense         12,506         9,185           Excess tax benefit from equity awards         —         (635)         2,635           Net gain on asles of marketable securities and other investments         53         2,6487           Changes in assets and liabilities:         —         (64,509)         (186,715)           Increase in inventiores         (28,288)         (26,065)           Decrease (increase) in other assets         (18,751)         8,222           Increase in accounts payable         23,017         3,751           Increase in other liabilities         3,746         52,331           Net cash provided by operating activities         24,838         11,97           Cash flows from investing activities         24,838         11,97           Cash flows from investing activities         9,414         (8,954)           Proceeds from sale of raskets         9         2,811           Proceeds from investing activities         9,541         11,547         14,102           Proceeds from sale of radialle-for-sale securities         115,547         146,102           Proceeds from sale of radialle-for-sale securities         115,547         146,102           Proceeds from sale of radialle-for-sale securities         12,523         143,202	Depreciation and amortization	14,198		15,780	
Excess tax benefit from equity awards         —         (635)           Net gain on sales of marketable securities and other investments         53         (2,847)           Changes in assets and itabilities:         —         (64,509)         (186,715)           Increase in accounts receivable, net         (64,509)         (186,715)         8,222           Decrease (increase) in other assets         (18,751)         8,222           Increase in accounts payable         23,017         3,751           Increase in other liabilities         37,446         62,373           Net eash provided by operating activities         224,838         111,497           Cash flows from investing activities         9,414         (8,954)           Proceeds from sell of a sets         9,414         (8,954)           Proceeds from sale of assets         9,414         (8,954)           Proceeds from sale of available-for-sale securities         (9,414)         (8,954)           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from sale of available-for-sale securities         115,547         146,102           Purchases of rading securities         115,547         146,102           Purchases of rading securities         (25,000)         35,000 <td< td=""><td>Asset impairment charges</td><td>_</td><td></td><td>1,038</td></td<>	Asset impairment charges	_		1,038	
Net gain on sales of marketable securities and other investments         53         (2,847)           Changes in assets and liabilities:         (64,509)         (186,715)           Increase in accounts receivable, net         (64,509)         (186,715)           Increase in accounts propried         (28,288)         (26,065)           Decrease (increase) in other assets         (18,751)         3,522           Increase in accounts payable         23,017         3,531           Increase (decrease) in deferred system profit         (4,426)         61,371           Increase in other liabilities         37,46         52,353           Net cash provided by operating activities         224,838         111,497           Cash Rows from investing activities         (9,414)         (8,944)           Proceeds from sale of assets         —         2,811           Proceeds from sale of available-for-sale securities         (15,158)         (24,116)           Proceeds from sale of available-for-sale securities         115,547         146,102           Proceeds from sale of available-for-sale securities         115,547         146,102           Proceeds from sale of rading securities         (15,949)         14,102           Purchases of rading securities         (25,000)         35,303           Net cash provide	Non-cash stock-based compensation expense	12,536		9,185	
Changes in assets and liabilities:         (64,50)         (186,715)           Increase in inventories         (28,288)         (26,065)           Decrease (increase) in other assets         (18,751)         8,322           Increase in accounts payable         23,017         3,751           Increase (increase) in deferred system profit         (4,426)         61,371           Increase in stable provided by operating activities         22,438         111,479           Cash flows from investing activities         (9,414)         (8,954)           Proceeds from sale of assets         -         2,811           Purchases of available-for-sale securities         175,188         147,120           Proceeds from sale of available-for-sale securities         115,547         146,102           Purchase of trading securities         16,999         16,162           Purchase of trading securities         (85,14)         (85,000)           Respayment of debt         <	Excess tax benefit from equity awards	_		(635)	
Increase in accounts receivable, net         (64,509)         (186,715)           Increase in inventories         (28,288)         (26,065)           Decrease (increase) in other assets         (18,751)         3,232           Increase in accounts payable         23,017         3,751           Increase (decrease) in deferred system profit         (4,46)         52,353           Increase in accounts payable         37,446         52,353           Net cash provided by operating activities         37,446         52,353           Net cash provided by operating activities         9(9,414)         (89,494)           Capital expenditures, net         9(9,414)         (89,494)           Proceeds from sale of assets         9         2,811           Proceeds from sale of assets         9         2,811           Proceeds from sale of available-for-sale securities         115,547         146,102           Proceeds from maturity of available-for-sale securities         115,547         146,102           Proceeds from sale of trading securities         115,547         146,102           Proceeds from sale of trading securities         16,999         16,162           Net cash provided by (used in) investing activities         28,201         2           Repayment of debt         (25,000)         (	Net gain on sales of marketable securities and other investments	53		(2,847)	
Increase in inventories         (28,288)         (26,065)           Decrease (increase) in other assets         (18,751)         8,322           Increase in accounts payable         23,017         3,751           Increase in deferred system profit         (4,426)         61,371           Increase in other liabilities         37,446         52,535           Net ash provided by operating activities         24,488         111,497           Cash flows from investing activities         9,414         8,954           Proceeds from sale of assets         9         2,811           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from naturity of available-for-sale securities         115,547         146,102           Proceeds from maturity of available-for-sale securities         115,547         146,102           Proceeds from maturity of available-for-sale securities         16,599         16,122           Proceeds from maturity of available-for-sale securities         16,599         16,122           Proceeds from maturity of available-for-sale securities         16,599         16,122           Purchases of trading securities         115,547         146,102           Net ash provided by (used in) investing activities         25,000         16,000           <	Changes in assets and liabilities:				
Decrease (increase) in other assets         (18,751)         8,322           Increase in accounts payable         23,017         3,751           Increase (decrease) in deferred system profit         (4,426)         (6,137)           Increase in other liabilities         37,46         52,535           Net cash provided by operating activities         224,838         111,497           Cash flows from investing activities         (9,414)         (8,954)           Proceeds from sale of assets         —         2,811           Purchases of available-for-sale securities         175,188         147,120           Proceeds from sale of available-for-sale securities         115,547         146,102           Proceeds from sale of trading securities         115,547         146,102           Proceeds from sale of trading securities         115,547         146,102           Purchases of trading securities         16,999         16,122           Purchase of trading securities         16,999         16,122           Net cash provided by (used in) investing activities         26,2500         35,000           Salt (assume of Common stock         —         2         2           Repayment of debt         (25,000)         35,000         35,000           Issuance of Common stock         —	Increase in accounts receivable, net	(64,509)		(186,715)	
Increase in accounts payable         23,07         3,751           Increase (decrease) in deferred system profit         (4,426)         61,371           Increase in other liabilities         37,446         52,535           Net cash provided by operating activities         224,838         111,497           Cash flows from investing activities         894         (8,94)           Proceeds from sale of assets         9         2,811           Purchases of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         115,547         146,102           Proceeds from maturity of available-for-sale securities         (14,553)         13,243           Proceeds from sale of trading securities         (14,553)         13,243           Proceeds from sale of trading securities         (14,552)         13,243           Proceeds from sale of trading securities         (25,000)         16,502           Repayment of dividends to trade of the securities         (25,000)         1	Increase in inventories	(28,288)		(26,065)	
Increase (decrease) in deferred system profit         (4,426)         61,371           Increase in other liabilities         37,446         52,555           Net cash provided by operating activities         224,838         11,497           Cash flows from investing activities         ■         24,818         11,497           Capital expenditures, net         (9,414)         (8,954)         7,981           Proceeds from sale of assets         -         2,811         249,126           Proceeds from sale of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from sale of available-for-sale securities         115,547         146,002           Proceeds from sale of available-for-sale securities         115,547         146,002           Proceeds from sale of trading securities         16,99         16,162           Purchases of trading securities         16,99         16,162           Net cash provided by (used in) investing activities         25,000         35,000           Issuance of common stock         2,500         35,000           Issuance of common stock         2,500         35,000           Excess tax benefit from equity awards         18,714         362,100	Decrease (increase) in other assets	(18,751)		8,322	
Increase in other liabilities         37,46         52,535           Net cash provided by operating activities         224,838         111,407           Cash flows from investing activities         8         19,414         (8,954)           Cash flows from sinvesting activities         9,914         (8,954)           Proceeds from sale of assets         9         2,811           Proceeds from sale of assets         155,188         147,102           Proceeds from sale of available-for-sale securities         115,547         146,02           Proceeds from maturity of available-for-sale securities         115,547         146,02           Proceeds from maturity of available-for-sale securities         115,547         146,02           Proceeds from sale of trading securities         115,547         146,02           Purchases of trading securities         16,999         16,162           Purchase form sale of trading securities         2,837         40,872           Ret cash provided by (used in) investing activities         2,509         16,062           Ret ash provided by (used in) investing activities         2,509         16,062           Repayment of debt         2,509         1,509         1,509         1,509         1,509         1,509         1,509         1,509         1,509         1	Increase in accounts payable	23,017		3,751	
Net cash provided by operating activities         224,838         111,497           Cash flows from investing activities:         324,838         111,497           Capital expenditures, net         (9,414)         (8,954)           Proceeds from sale of assets         —         2,811           Purchases of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         115,478         146,102           Proceeds from maturity of available-for-sale securities         (115,547)         146,102           Proceeds from sale of trading securities         (16,52)         13,243           Proceeds from sale of trading securities         (18,53)         (13,243)           Proceeds from sale of trading securities         (88,71)         40,872           All cash provided by (used in) investing activities         (88,71)         40,872           Cash (18,54)         (18,102)         10,602         10,602           Net cash provided by (used in) investing activities         (25,000)         35,000         35,000           Issuance of common stock         —         (25,000)         35,000         35,000         36,000         36,000         36,000         36,000         36,000         36,000         36,000         36,000         36,000 </td <td>Increase (decrease) in deferred system profit</td> <td>(4,426)</td> <td></td> <td>61,371</td>	Increase (decrease) in deferred system profit	(4,426)		61,371	
Cash flows from investing activities:         (9,414)         (8,954)           Proceeds from sale of assets         —         2,811           Purchases of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from maturity of available-for-sale securities         115,547         146,102           Proceeds from maturity of available-for-sale securities         (14,553)         (13,243)           Purchases of trading securities         (16,99)         16,162           Purchase of trading securities         (98,371)         40,872           Ability of the companies of trading securities         (98,371)         40,872           Cash flows from financing activities         (98,371)         40,872           Repayment of debt         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,14)         (82,109)           Excess tax benefit from equity awards         (85,14)         (82,109)           Net cash used in financing activities         (112,228)         (118,174) <t< td=""><td>Increase in other liabilities</td><td> 37,446</td><td></td><td>52,535</td></t<>	Increase in other liabilities	 37,446		52,535	
Capital expenditures, net         (9,414)         (8,954)           Proceeds from sale of assets         —         2,811           Purchases of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from maturity of available-for-sale securities         115,547         146,102           Purchases of trading securities         (14,553)         (13,243)           Proceeds from sale of trading securities         (88,711)         40,872           Net cash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities         (25,000)         (35,000)           Issuance of common stock         —         2           Repayment of dividends to stockholders         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchanger ate changes on cash and cash equivalents         93,033         886,591           Net increase in cash and cash equivalents         937,033         886,591           Cash and cash eq	Net cash provided by operating activities	 224,838		111,497	
Proceeds from sale of assets         —         2,811           Purchases of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from maturity of available-for-sale securities         115,547         146,102           Purchases of trading securities         (14,553)         (13,243)           Proceeds from sale of trading securities         16,999         16,162           Net cash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities         (25,000)         (35,000)           Issuance of common stock         —         2           Repayment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         (85,514)         (82,109)           Excess tax benefit from equity awards         (11,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at end of period         937,033         886,591           Cash and cash equivalents at end of period         \$ 937,035         22,304	Cash flows from investing activities:				
Purchases of available-for-sale securities         (382,138)         (249,126)           Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from maturity of available-for-sale securities         115,547         146,102           Purchases of trading securities         (14,553)         (13,243)           Proceeds from sale of trading securities         (98,371)         40,872           Net eash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (17,14)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         97,500         22,304           Cash and cash equivalents at end of period         \$ 7,500	Capital expenditures, net	(9,414)		(8,954)	
Proceeds from sale of available-for-sale securities         175,188         147,120           Proceeds from maturity of available-for-sale securities         115,547         146,102           Purchases of trading securities         (14,553)         (13,243)           Proceeds from sale of trading securities         16,999         16,162           Net cash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities:         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,74)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Supplemental cash flow disclosures:         \$ 79,590         \$ 22,304           Income taxes paid, net         \$ 79,590         \$ 22,304 </td <td>Proceeds from sale of assets</td> <td>_</td> <td></td> <td>2,811</td>	Proceeds from sale of assets	_		2,811	
Proceeds from maturity of available-for-sale securities         115,547         146,102           Purchases of trading securities         (14,553)         (13,243)           Proceeds from sale of trading securities         16,99         16,162           Net cash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities:         ***         2           Repayment of debt         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         18,774         39,383           Cash and cash equivalents at end of period         \$ 93,031         886,591           Supplemental cash flow disclosures:         \$ 79,590         \$ 22,304	Purchases of available-for-sale securities	(382,138)		(249,126)	
Purchases of trading securities         (14,53)         (13,243)           Proceeds from sale of trading securities         16,999         16,162           Net cash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities:         2           Repayment of debt         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         937,033         886,591           Supplemental cash flow disclosures:         \$ 79,590         \$ 22,304           Income taxes paid, net         \$ 79,590         \$ 22,304           Income taxes paid, net         \$ 7	Proceeds from sale of available-for-sale securities	175,188		147,120	
Proceeds from sale of trading securities         16,999         16,162           Net cash provided by (used in) investing activities         (98,371)         40,872           Cash flows from financing activities:         Text without the summer of debt         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (11,714)         (17,02)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         937,033         886,591           Supplemental cash flow disclosures:         —         -         22,304           Interest paid         \$ 79,590         \$ 22,304           Interest paid         \$ 3,117         \$ 3,482           Non-cash activities:         \$ 3,218         \$ 2,311 <td>Proceeds from maturity of available-for-sale securities</td> <td>115,547</td> <td></td> <td>146,102</td>	Proceeds from maturity of available-for-sale securities	115,547		146,102	
Net cash provided by (used in) investing activities         40,872           Cash flows from financing activities:         (25,000)         (35,000)           Repayment of debt         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         937,033         886,591           Supplemental cash flow disclosures:         *         97,590         \$ 22,304           Interest paid         \$ 79,590         \$ 22,304           Interest paid         \$ 3,117         \$ 3,482           Non-cash activities:           Purchase of land, property and equipment - investing activities         \$ 3,218         \$ 2,311 </td <td>Purchases of trading securities</td> <td>(14,553)</td> <td></td> <td>(13,243)</td>	Purchases of trading securities	(14,553)		(13,243)	
Cash flows from financing activities:         Repayment of debt       (25,000)       (35,000)         Issuance of common stock       —       2         Tax withholding payments related to vested and released restricted stock units       (1,714)       (1,702)         Payment of dividends to stockholders       (85,514)       (82,109)         Excess tax benefit from equity awards       —       635         Net cash used in financing activities       (112,228)       (118,174)         Effect of exchange rate changes on cash and cash equivalents       4,535       5,188         Net increase in cash and cash equivalents       18,774       39,383         Cash and cash equivalents at beginning of period       937,033       886,591         Cash and cash equivalents at end of period       955,807       925,974         Supplemental cash flow disclosures:         Income taxes paid, net       \$ 79,590       \$ 22,304         Interest paid       \$ 3,117       \$ 3,482         Non-cash activities:         Purchase of land, property and equipment - investing activities       \$ 3,218       \$ 2,311	Proceeds from sale of trading securities	 16,999		16,162	
Repayment of debt         (25,000)         (35,000)           Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         \$ 955,807         925,974           Supplemental cash flow disclosures:         Income taxes paid, net         \$ 79,590         \$ 22,304           Interest paid         \$ 3,117         3,482           Non-cash activities:           Purchase of land, property and equipment - investing activities         \$ 3,218         \$ 2,311	Net cash provided by (used in) investing activities	(98,371)		40,872	
Issuance of common stock         —         2           Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         \$ 955,807         \$ 925,974           Supplemental cash flow disclosures:         Income taxes paid, net         \$ 79,590         \$ 22,304           Interest paid         \$ 3,117         \$ 3,482           Non-cash activities:         Purchase of land, property and equipment - investing activities         \$ 3,218         \$ 2,311	Cash flows from financing activities:				
Tax withholding payments related to vested and released restricted stock units         (1,714)         (1,702)           Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         \$         955,807         \$         22,304           Supplemental cash flow disclosures:         Income taxes paid, net         \$         79,590         \$         22,304           Interest paid         \$         3,117         \$         3,482           Non-cash activities:         Purchase of land, property and equipment - investing activities         \$         3,218         \$         2,311	Repayment of debt	(25,000)		(35,000)	
Payment of dividends to stockholders         (85,514)         (82,109)           Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         \$         955,807         \$           Supplemental cash flow disclosures:         Income taxes paid, net         \$         79,590         \$         22,304           Interest paid         \$         3,117         \$         3,482           Non-cash activities:         *         3,218         \$         2,311	Issuance of common stock	_		2	
Excess tax benefit from equity awards         —         635           Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         \$ 955,807         \$ 925,974           Supplemental cash flow disclosures:         \$ 79,590         \$ 22,304           Income taxes paid, net         \$ 3,117         \$ 3,482           Non-cash activities:         Purchase of land, property and equipment - investing activities         \$ 3,218         \$ 2,311	Tax withholding payments related to vested and released restricted stock units	(1,714)		(1,702)	
Net cash used in financing activities         (112,228)         (118,174)           Effect of exchange rate changes on cash and cash equivalents         4,535         5,188           Net increase in cash and cash equivalents         18,774         39,383           Cash and cash equivalents at beginning of period         937,033         886,591           Cash and cash equivalents at end of period         \$ 955,807         \$ 925,974           Supplemental cash flow disclosures:         Income taxes paid, net         \$ 79,590         \$ 22,304           Interest paid         \$ 3,117         \$ 3,482           Non-cash activities:         Purchase of land, property and equipment - investing activities         \$ 3,218         \$ 2,311	Payment of dividends to stockholders	(85,514)		(82,109)	
Effect of exchange rate changes on cash and cash equivalents4,5355,188Net increase in cash and cash equivalents18,77439,383Cash and cash equivalents at beginning of period937,033886,591Cash and cash equivalents at end of period\$ 955,807\$ 925,974Supplemental cash flow disclosures:Income taxes paid, net\$ 79,590\$ 22,304Interest paid\$ 3,117\$ 3,482Non-cash activities:Purchase of land, property and equipment - investing activities\$ 3,218\$ 2,311	Excess tax benefit from equity awards	 		635	
Net increase in cash and cash equivalents18,77439,383Cash and cash equivalents at beginning of period937,033886,591Cash and cash equivalents at end of period\$ 955,807\$ 925,974Supplemental cash flow disclosures:Tincome taxes paid, net\$ 79,590\$ 22,304Interest paid\$ 3,117\$ 3,482Non-cash activities:Purchase of land, property and equipment - investing activities\$ 3,218\$ 2,311	Net cash used in financing activities	(112,228)		(118,174)	
Cash and cash equivalents at beginning of period937,033886,591Cash and cash equivalents at end of period\$ 955,807\$ 925,974Supplemental cash flow disclosures:Income taxes paid, net\$ 79,590\$ 22,304Interest paid\$ 3,117\$ 3,482Non-cash activities:Purchase of land, property and equipment - investing activities\$ 3,218\$ 2,311	Effect of exchange rate changes on cash and cash equivalents	4,535		5,188	
Cash and cash equivalents at end of period \$ 955,807 \$ 925,974  Supplemental cash flow disclosures:  Income taxes paid, net \$ 79,590 \$ 22,304  Interest paid \$ 3,117 \$ 3,482  Non-cash activities:  Purchase of land, property and equipment - investing activities \$ 3,218 \$ 2,311	Net increase in cash and cash equivalents	18,774		39,383	
Supplemental cash flow disclosures:  Income taxes paid, net \$ 79,590 \$ 22,304 Interest paid \$ 3,117 \$ 3,482  Non-cash activities:  Purchase of land, property and equipment - investing activities \$ 3,218 \$ 2,311	Cash and cash equivalents at beginning of period	937,033		886,591	
Supplemental cash flow disclosures:  Income taxes paid, net \$ 79,590 \$ 22,304  Interest paid \$ 3,117 \$ 3,482  Non-cash activities:  Purchase of land, property and equipment - investing activities \$ 3,218 \$ 2,311	Cash and cash equivalents at end of period	\$ 955,807	\$	925,974	
Income taxes paid, net \$ 79,590 \$ 22,304 Interest paid \$ 3,117 \$ 3,482  Non-cash activities:  Purchase of land, property and equipment - investing activities \$ 3,218 \$ 2,311			-		
Interest paid \$ 3,117 \$ 3,482  Non-cash activities:  Purchase of land, property and equipment - investing activities \$ 3,218 \$ 2,311		\$ 79,590	\$	22,304	
Non-cash activities:  Purchase of land, property and equipment - investing activities  \$ 3,218 \$ 2,311					
Purchase of land, property and equipment - investing activities \$ 3,218 \$ 2,311	The state of the s				
		\$ 3,218	\$	2,311	
	Dividends payable - financing activities	\$ 12,643	\$	18,827	

# KLA-Tencor Corporation Condensed Consolidated Unaudited Supplemental Information (In thousands, except per share amounts)

# Reconciliation of GAAP Net Income to Non-GAAP Net Income

		Three months ended					Nine months ended			
	Ma	December 31, March 31, 2017 2016			March 31, 2016		1 31, 2016 March 31, 2017		7 March 31, 2	
GAAP net income	\$	253,562	\$	238,251	\$	175,777	\$	669,914	\$	432,881
Adjustments to reconcile GAAP net income to non-GAAP net income:										
Acquisition-related charges	a	513		513		1,309		2,293		6,199
Restructuring, severance and other related charges	b	_		_		137		_		8,945
Merger-related charges	c	3,221		4,069		3,582		10,895		12,402
Income tax effect of non-GAAP adjustments	d	(1,272)		(1,580)		(1,535)		(4,111)		(7,204)
Discrete tax items	e	_		(3,064)		_		(3,064)		_
Non-GAAP net income	\$	256,024	\$	238,189	\$	179,270	\$	675,927	\$	453,223
GAAP net income per diluted share	\$	1.61	\$	1.52	\$	1.12	\$	4.26	\$	2.76
Non-GAAP net income per diluted share	\$	1.62	\$	1.52	\$	1.15	\$	4.30	\$	2.89
Shares used in diluted shares calculation		157,746		157,123		156,429		157,297		156,797

# $\underline{\textbf{Pre-tax impact of items included in Condensed Consolidated Unaudited Statements of Operations}}$

			Restructuring, severance and other related charges		Merger-related charges	Total pre-tax GAAP to non-GAAP adjustments		
Three months ended March 31, 2017								
Costs of revenues	\$	500	\$	_	\$ 362	\$	862	
Research and development		_		_	997		997	
Selling, general and administrative		13		_	1,862		1,875	
Total in three months ended March 31, 2017	\$	513	\$	_	\$ 3,221	\$	3,734	
Three months ended December 31, 2016								
Costs of revenues	\$	500	\$	_	\$ 348	\$	848	
Research and development		_		_	1,054		1,054	
Selling, general and administrative		13		_	2,667		2,680	
Total in three months ended December 31, 2016	\$	513	\$	_	\$ 4,069	\$	4,582	
Three months ended March 31, 2016								
Costs of revenues	\$	663	\$	121	\$ 238	\$	1,022	
Research and development		_		5	508		513	
Selling, general and administrative		646		11	2,836		3,493	
Total in three months ended March 31, 2016	\$	1,309	\$	137	\$ 3,582	\$	5,028	

To supplement our condensed consolidated financial statements presented in accordance with GAAP, we provide certain non-GAAP financial information, which is adjusted from results based on GAAP to exclude certain costs and expenses, as well as other supplemental information. The non-GAAP and supplemental information is provided to enhance the user's overall understanding of our operating performance and our prospects in the future. Specifically, we believe that the non-GAAP information provides useful measures to both management and investors regarding financial and business trends relating to our financial performance by excluding certain costs and expenses that we believe are not indicative of our core operating results. The non-GAAP information is among the budgeting and planning tools that management uses for future forecasting. However, because there are no standardized or generally accepted definitions for most non-GAAP financial metrics, definitions of non-GAAP financial metrics (for example, determining which costs and expenses to exclude when calculating such a metric) are inherently subject to significant discretion. As a result, non-GAAP financial metrics may be defined very differently from company to company, or even from period to period within the same company, which can potentially limit the usefulness of such information to an investor. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with United States GAAP.

- a. Acquisition-related charges includes amortization of intangible assets associated with acquisitions. Management believes that the expense associated with the amortization of acquisition related intangible assets is appropriate to be excluded because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have short lives, and exclusion of these expenses allows comparisons of operating results that are consistent over time for both KLA-Tencor's newly acquired and longheld businesses. Management believes excluding these items helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.
- b. Restructuring, severance and other related charges include costs associated with employee severance and other exit costs, and impairment of certain long-lived assets. Management believes excluding these items helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.
- c. Merger-related charges associated with the terminated merger agreement between KLA-Tencor and Lam Research Corporation ("Lam") primarily includes employee retention-related expenses, legal expenses and other costs. Management believes that it is appropriate to exclude these items as they are not indicative of ongoing operating results and therefore limit comparability and excluding these items helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.
- d. Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above. Management believes that it is appropriate to exclude the tax effects of the items noted above in order to present a more meaningful measure of non-GAAP net income.
- e. Discrete tax items includes the tax impact of certain merger-related charges that only became deductible during the three months ended December 31, 2016 as a result of the termination of the proposed merger between KLA-Tencor and Lam. Management believes that it is appropriate to exclude these items as they are not indicative of ongoing operating results and therefore limit comparability. Management believes excluding these items helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.