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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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): July 28, 2005

**KLA-Tencor Corporation**

(Exact name of registrant as specified in its charter)

000-09992

(Commission File Number)

Delaware

(State or other jurisdiction  
of incorporation)

04-2564110

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

160 Rio Robles  
San Jose, California  
95134

(Address of principal executive offices, with zip code)

(408) 875-3000

(Registrant's telephone number, including area code)

N/A

(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 (see General Instruction A.2. below):

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

On July 28, 2005, KLA-Tencor Corporation issued a press release regarding its financial results for the quarter ended June 30, 2005. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this Form 8-K and the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, 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.

(c) Exhibits.

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release issued by KLA-Tencor Corporation dated July 28, 2005.

**SIGNATURES**

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

KLA-TENCOR CORPORATION

Date: July 28, 2005

By: /s/ John H. Kispert  
John H. Kispert  
Executive Vice President  
and Chief Financial Officer

**INDEX TO EXHIBITS**

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release issued by KLA-Tencor Corporation dated July 28, 2005.

# News Release

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**FOR IMMEDIATE RELEASE**

## **KLA-TENCOR REPORTS EARNINGS OF \$467 MILLION ON REVENUES OF \$2.1 BILLION FOR FISCAL YEAR 2005**

### **Earnings and Revenues Increase Significantly For Fiscal Year 2005**

SAN JOSE, Calif., July 28, 2005 — KLA-Tencor Corporation (NASDAQ: KLAC) today announced operating results for its fourth quarter and 2005 fiscal year ended June 30, 2005. The company realized strong gains for the full 2005 fiscal year, and reported net income of \$467 million or \$2.32 per diluted share on revenues of \$2.1 billion versus net income of \$244 million or \$1.21 per diluted share on revenues of \$1.5 billion in its 2004 fiscal year. For the quarter ended June 30, 2005, the company reported net income of \$105 million and earnings per diluted share of \$0.52 on revenues of \$492 million compared to net income of \$96 million or \$0.48 per diluted shares on revenue of \$450 million in the fourth quarter of fiscal 2004, and net income of \$123 million or \$0.61 per diluted shares on revenue of \$542 million in the third quarter of fiscal 2005.

“KLA-Tencor realized another strong quarter of performance, in addition to delivering healthy gains in sales and profits for the full fiscal year,” stated Ken Schroeder, chief executive officer of KLA-Tencor. “Our sales growth reflects the continued demand for our leading-edge yield management solutions, which enable leading IC manufacturers to speed time to market and profit on their next-generation devices. Along with rising sales, our success in controlling costs and improving our own internal efficiencies propelled strong gains in profitability.”

KLA-Tencor reported ending the quarter with approximately 9 months of product-related shipment and revenue backlog. On a geographic basis, Japan continued to post strong bookings for the quarter ended June 30, 2005. Japan was 36 percent of orders, higher than its historical average of 20 percent; U.S. was 29 percent of orders, higher than its historical average of 25 percent; Taiwan was 11 percent, below its historical average of 20 percent; Korea, China and Singapore combined were 15 percent of orders, below their combined historical average of 20 percent; and Europe was 9 percent, lower than its historical average of 15 percent.

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Cash, cash equivalents and marketable securities increased by \$87 million to \$2.2 billion compared to the end of the prior quarter. Inventory increased by \$5 million to \$358 million, on higher field inventory to support customer service requirements. Accounts receivable decreased by \$112 million to \$333 million on strong collections.

**Forward Looking Statements:** Statements in this press release regarding KLA-Tencor's use of its operating cash, the benefit to our customers of KLA-Tencor's products and our future financial performance 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 results may differ materially from those projected in such statements due to various factors, including but not limited to: the demand for semiconductors and new and enhanced product offerings by competitors, cancellation of orders by customers and changing customer demands. For other factors that may cause actual results to differ materially from those projected, please refer to the company's Form 10-K, Forms 10-Q and other filings with the Securities and Exchange Commission. Actual results could differ materially from those anticipated in forward-looking statements in this release as a result of certain factors, including those set forth in the risk factors described in the company's SEC filings.

**About KLA-Tencor:** KLA-Tencor is the world leader in yield management and process control solutions for semiconductor manufacturing and related industries. Headquartered in San Jose, Calif., the company has sales and service offices around the world. An S&P 500 company, KLA-Tencor was named one of the Best Managed Companies in America for 2005 by *Forbes Magazine* and is the only company in the semiconductor industry to receive the accolade for this year. KLA-Tencor is traded on the Nasdaq National Market under the symbol KLAC. Additional information about the company is available on the Internet at <http://www.kla-tencor.com>

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**KLA-Tencor Corporation**  
**CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEETS**

(In thousands)	<u>June 30,</u> <u>2005</u>	<u>June 30,</u> <u>2004</u>
<b>ASSETS</b>		
Cash, short-term investments and marketable securities	\$ 2,195,186	\$ 1,876,356
Accounts receivable, net	333,218	372,773
Inventories	358,339	337,414
Land, property and equipment, net	385,222	376,052
Other assets	<u>714,407</u>	<u>576,584</u>
<b>Total assets</b>	<b><u>\$ 3,986,372</u></b>	<b><u>\$ 3,539,179</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 67,717	\$ 63,991
Deferred system profit	209,899	284,813
Unearned revenue	80,122	57,318
Other current liabilities	<u>574,124</u>	<u>505,507</u>
Total current liabilities	<u>931,862</u>	<u>911,629</u>
Minority interest in subsidiary	9,253	—
<b>Stockholders' equity:</b>		
Common stock and capital in excess of par value	943,322	984,804
Retained earnings	2,083,638	1,640,587
Accumulated other comprehensive income	<u>18,297</u>	<u>2,159</u>
Total stockholders' equity	<u>3,045,257</u>	<u>2,627,550</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 3,986,372</u></b>	<b><u>\$ 3,539,179</u></b>

**KLA-Tencor Corporation**  
**CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS**

	Three months ended		Fiscal year ended	
	June 30,		June 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
(In thousands, except per share data)				
<b>Revenues:</b>				
Product	\$ 409,888	\$ 372,546	\$ 1,770,300	\$ 1,200,160
Service	82,028	77,892	314,853	296,558
Total revenues	491,916	450,438	2,085,153	1,496,718
<b>Costs and operating expenses:</b>				
Costs of revenues	207,311	187,498	862,353	670,013
Engineering, research and development	87,157	77,110	340,277	280,641
Selling, general and administrative	82,208	64,255	299,961	248,706
Total costs and operating expenses	376,676	328,863	1,502,591	1,199,360
Income from operations	115,240	121,575	582,562	297,358
Interest income and other, net	15,701	6,716	37,755	27,358
Income before income taxes and minority interest	130,941	128,291	620,317	324,716
Provision for income taxes	26,945	32,124	157,000	81,015
Income before minority interest	103,996	96,167	463,317	243,701
Minority interest	1,054	—	3,378	—
Net income	<u>\$ 105,050</u>	<u>\$ 96,167</u>	<u>\$ 466,695</u>	<u>\$ 243,701</u>
<b>Net income per share:</b>				
Basic	<u>\$ 0.53</u>	<u>\$ 0.49</u>	<u>\$ 2.38</u>	<u>\$ 1.25</u>
Diluted	<u>\$ 0.52</u>	<u>\$ 0.48</u>	<u>\$ 2.32</u>	<u>\$ 1.21</u>
<b>Weighted average number of shares:</b>				
Basic	<u>196,653</u>	<u>196,529</u>	<u>196,346</u>	<u>194,976</u>
Diluted	<u>200,923</u>	<u>201,669</u>	<u>201,014</u>	<u>201,799</u>