

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 24, 2003

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)

-1-

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit	Description
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99.1	Press Release issued by KLA-Tencor Corporation dated July 24, 2003.

Item 9. Information being furnished under Item 12

In accordance with Securities and Exchange Commission Release No. 33-8216, the following information, which is intended to be furnished under Item 12, "Results of Operations and Financial Condition," is instead being furnished under Item 9, "Regulation FD Disclosure." This information 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. Furthermore, the information in this Current Report on Form 8-K, including the exhibit, shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On July 24, 2003, KLA-Tencor Corporation, (the Company) issued a press release regarding its financials results for the quarter and fiscal year ending June 30, 2003 the full text of which is furnished as Exhibit 99.1 to this report.

-2-

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 24, 2003

By: /s/ John H. Kispert

John H. Kispert
Executive Vice President
and Chief Financial Officer

INDEX TO EXHIBITS

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99.1	Press Release issued by KLA-Tencor Corporation dated July 24, 2003.
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KLA-Tencor Reports \$137 Million in Net Income on Revenue of \$1.32 Billion for Fiscal Year 2003; Net Income and Earnings Up On Quarter-Over-Quarter Basis

SAN JOSE, Calif.--(BUSINESS WIRE)--July 24, 2003--KLA-Tencor Corporation (Nasdaq:KLAC) today announced operating results for its fourth quarter and 2003 fiscal year. For the quarter ending June 30, 2003, the company reported improvement on a quarter-over-quarter basis. Net income of \$29 million and earnings per share of \$0.15 in the June 2003 fiscal quarter were a 7 percent improvement over net income of \$27 million and earnings per share of \$0.14 posted in the March quarter. Revenue of \$308 million in the June quarter was up slightly from revenue of \$304 million in the March quarter. The June 2003 quarter results compare to net income of \$47 million and earnings per share of \$0.23 on revenues of \$373 million for the same period last year. For the full 2003 fiscal year, KLA-Tencor reported net income of \$137 million and earnings per share of \$0.70 on revenue of \$1.32 billion compared, to fiscal year 2002 net income of \$216 million and earnings per share of \$1.10 on revenues of \$1.64 billion.

Ken Schroeder, Chief Executive Officer of KLA-Tencor, stated that while the company continues to streamline its operations to increase profitability, it is taking equal care to preserve its ability to capitalize on an industry upturn. "Although the increase in business activity is not broad based, we are definitely seeing a number of our customers reporting an upturn in their business," Schroeder observed. "As the recovery occurs, we believe that the twin forces of rising demand for leading-edge chips and an under-investment in leading-edge capacity will contribute to stronger sales for semiconductor process control equipment. During the year, KLA-Tencor worked closely with semiconductor manufacturers to overcome the yield challenges of next-generation processes, including copper interconnects, sub-130-nm design rules and 300-mm wafers. We are now well positioned to benefit from future industry growth with solutions that have proven critical to ramping and sustaining yields of next-generation chips."

KLA-Tencor reported that it ended the year with approximately six months of backlog at current shipping levels. Geographically, during the quarter, the strongest order activity originated from Japan which was above its historical share. China and Singapore were also above historical levels while the United States, Europe, Taiwan and Korea fell below historical levels during the quarter.

Gross margins improved from 48.5 percent in the third quarter of fiscal year 2003 to 49.0 percent in the fourth quarter. Cost reductions in service and manufacturing expenses contributed to the improvement in gross margins. Operating expenses were unchanged at \$122 million; a decrease in selling, general and administrative expense offset a \$3 million increase in engineering expense.

The company increased total cash, cash equivalents and marketable securities by \$90 million to \$1.49 billion, while the balance sheet remained free of long-term debt. Inventory and accounts receivables decreased during the quarter. Inventory was reduced by \$10 million to \$259 million, and accounts receivable were lowered by \$8 million to \$224 million.

Forward Looking Statements: Statements in this press release regarding the company's positioning for future industry growth, potential economic recovery, upturn in customer business, current order backlog, rising demand for semiconductor process control equipment and cost-saving measures 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: delays or cancellations of orders by customers; shipments or acceptances; inability by the company to meet its production and/or product development schedules; the demand for semiconductors; and new and enhanced product offerings by competitors. For other factors that may cause actual results to differ 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., with operations around the world, KLA-Tencor ranked #6 on S&P's 2002 index of the top 500 companies in the U.S. 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>.

KLA-Tencor Corporation
CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEETS

	June 30, 2003	June 30, 2002
(In thousands)		
ASSETS		
Cash, short-term investments and marketable securities	\$1,487,883	\$ 1,333,583
Accounts receivable, net	223,535	277,006
Inventories	258,799	323,016
Land, property and equipment, net	382,729	300,560
Other assets	513,651	483,553
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Total assets	\$2,866,597	\$2,717,718
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 33,893	\$ 52,988
Deferred system profit	177,486	193,852
Unearned revenue	48,203	54,886
Other current liabilities	391,474	385,764
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Total current liabilities	651,056	687,490
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Stockholders' equity:		
Common stock and capital in excess of par value	814,968	765,946
Retained earnings	1,396,886	1,259,695
Accumulated other comprehensive income	3,687	4,587
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Total stockholders' equity	2,215,541	2,030,228
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Total liabilities and stockholders' equity	\$2,866,597	\$2,717,718
	=====	=====

KLA-Tencor Corporation
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS

	Three months ended June 30,		Twelve months ended June 30,	
	2003	2002	2003	2002
(In thousands, except per share data)				
Revenues:				
Product	\$240,638	\$ 312,519	\$ 1060,142	\$1,428,107
Service	67,675	60,675	262,907	209,175
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Total revenues	308,313	373,194	1,323,049	1,637,282
Costs and operating expenses:				
Costs of goods sold	157,292	186,112	671,505	814,393
Research and development	64,084	68,945	268,291	287,408
Selling, general and administrative	57,855	70,914	253,933	290,588
Non-recurring acquisition, restructuring and other, net	--	--	(9,402)	--
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Total costs and operating expenses	279,231	325,971	1,184,327	1,392,389
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Income from operations	29,082	47,223	138,722	244,893
Interest income and other, net	9,552	10,960	41,796	42,563
	=====	=====	=====	=====
Income before income taxes	38,634	58,183	180,518	287,456

Provision for income taxes	9,275	11,679	43,327	71,290
	=====	=====	=====	=====
Net income	\$ 29,359	\$ 46,504	\$ 137,191	\$ 216,166
	=====	=====	=====	=====
Basic earning per share:				
Net income	\$ 0.15	\$ 0.25	\$ 0.72	\$ 1.15
	=====	=====	=====	=====
Diluted earnings per share:				
Net income	\$ 0.15	\$ 0.23	\$ 0.70	\$ 1.10
	=====	=====	=====	=====
Weighted average number of shares:				
Basic	190,670	189,218	189,817	187,667
	=====	=====	=====	=====
Diluted	196,630	198,452	194,785	196,594
	=====	=====	=====	=====

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