

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

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**FORM 8-K**

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**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 26, 2012

**KLA-TENCOR CORPORATION**

(Exact name of registrant as specified in its charter)

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| <b>Delaware</b><br><small>(State or other jurisdiction of incorporation)</small>                             | <b>000-09992</b><br><small>(Commission File Number)</small> | <b>04-2564110</b><br><small>(I.R.S. Employer Identification No.)</small> |
| <b>One Technology Drive, Milpitas, California</b><br><small>(Address of principal executive offices)</small> |   | <b>95035</b><br><small>(Zip Code)</small>                                |

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

(Former name or former address, if changed since last report)

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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 2.02 Results of Operations and Financial Condition.**

On April 26, 2012, KLA-Tencor Corporation issued a press release announcing selected operating results for its third quarter of fiscal year 2012, which ended on March 31, 2012. 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:

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | Text of press release issued by KLA-Tencor Corporation dated April 26, 2012 |

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**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.

Date: April 26, 2012

**KLA-TENCOR CORPORATION**

By: /s/ BRIAN M. MARTIN

Name: Brian M. Martin

Title: Executive Vice President and General Counsel

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**EXHIBIT INDEX**

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | Text of press release issued by KLA-Tencor Corporation dated April 26, 2012 |

## FOR IMMEDIATE RELEASE

**Investor Relations:**

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 Sr. Director, Investor Relations  
 (408) 875-9529  
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**KLA-TENCOR REPORTS FISCAL 2012 THIRD QUARTER RESULTS**

MILPITAS, Calif., April 26, 2012 - ~~KLA-Tencor Corporation~~ (NASDAQ: KLAC) today announced operating results for its third quarter of fiscal year 2012, which ended on March 31, 2012, and reported GAAP net income of \$205 million and GAAP earnings per diluted share of \$1.21 on revenues of \$841 million.

"Fueled by rapid growth in demand for mobile electronics, KLA-Tencor's strong third quarter results reflect sustained high levels of process control adoption and demonstrate our ability to consistently deliver indispensable solutions to our customers," said Rick Wallace, president and chief executive officer of KLA-Tencor. "As we look ahead to the second half of 2012, we are optimistic as the forces propelling KLA-Tencor's growth remain solid, and the innovation required by our customers at the leading edge is driving growth in our core process control markets."

**GAAP Results**

|                            | <b>Q3 FY 2012</b> | <b>Q2 FY 2012</b> | <b>Q3 FY 2011</b> |
|----------------------------|-------------------|-------------------|-------------------|
| Revenues                   | \$841 million     | \$642 million     | \$834 million     |
| Net Income                 | \$205 million     | \$111 million     | \$210 million     |
| Earnings per Diluted Share | \$1.21            | \$0.66            | \$1.22            |

**Non-GAAP Results**

|                            | <b>Q3 FY 2012</b> | <b>Q2 FY 2012</b> | <b>Q3 FY 2011</b> |
|----------------------------|-------------------|-------------------|-------------------|
| Net Income                 | \$216 million     | \$122 million     | \$225 million     |
| Earnings per Diluted Share | \$1.27            | \$0.72            | \$1.31            |

A reconciliation between GAAP operating results and non-GAAP operating results is provided following the financial statements that are part of this release. Non-GAAP results include the impact of stock-based compensation, but exclude the impact of acquisitions, restatement and restructuring related items, and certain discrete tax items.

KLA-Tencor will discuss the results for its fiscal year 2012 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: [www.kla-tencor.com](http://www.kla-tencor.com)

**Forward-Looking Statements:**

Statements in this press release other than historical facts, such as statements regarding the anticipated future drivers of growth in the semiconductor equipment industry, KLA-Tencor's optimism regarding the future direction of those growth drivers, the need for future innovation by the company's customers at the leading edge, and KLA-Tencor's ability to benefit from these anticipated trends in demand and innovation, 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; the financial condition of the global capital markets

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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; market acceptance of the company's existing and newly issued products; and changing customer demands. 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, 2011, 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.

**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, data storage, LED, photovoltaic, 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 over 35 years. Headquartered in Milpitas, California, 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)

**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, 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 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 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)*

|  | <u>March 31, 2012</u> | <u>June 30, 2011</u> |
|--|-----------------------|----------------------|
| <b>ASSETS</b>                                    |                       |                      |
| Cash, cash equivalents and marketable securities | \$ 2,369,738          | \$ 2,038,535         |
| Accounts receivable, net                         | 638,375               | 583,270              |
| Inventories                                      | 650,476               | 575,730              |
| Other current assets                             | 328,738               | 478,475              |
| Land, property and equipment, net                | 270,171               | 257,358              |
| Goodwill   | 327,887               | 328,156              |
| Purchased intangibles, net                       | 62,897                | 85,902               |
| Other non-current assets                         | 284,922               | 328,095              |
| Total assets                                     | <u>\$ 4,933,204</u>   | <u>\$ 4,675,521</u>  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>      |                       |                      |
| Current liabilities:                             |                       |                      |
| Accounts payable                                 | \$ 139,371            | \$ 142,945           |
| Deferred system profit                           | 183,698               | 192,338              |
| Unearned revenue                                 | 57,353                | 44,264               |
| Other current liabilities                        | 491,933               | 499,314              |
| Total current liabilities                        | <u>872,355</u>        | <u>878,861</u>       |
| Non-current liabilities:                         |                       |                      |
| Long-term debt                                   | 746,697               | 746,290              |
| Income tax payable                               | 41,801                | 78,337               |
| Unearned revenue                                 | 34,916                | 34,905               |
| Other non-current liabilities                    | 78,670                | 76,235               |
| Total liabilities                                | <u>1,774,439</u>      | <u>1,814,628</u>     |
| Stockholders' equity:                            |                       |                      |
| Common stock and capital in excess of par value  | 1,091,504             | 1,010,659            |
| Retained earnings                                | 2,075,218             | 1,852,633            |
| Accumulated other comprehensive income (loss)    | <u>(7,957)</u>        | <u>(2,399)</u>       |
| Total stockholders' equity                       | <u>3,158,765</u>      | <u>2,860,893</u>     |
| Total liabilities and stockholders' equity       | <u>\$ 4,933,204</u>   | <u>\$ 4,675,521</u>  |

**KLA-Tencor Corporation**  
**Condensed Consolidated Unaudited Statements of Operations**

| <i>(In thousands, except per share data)</i> | Three months ended |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | March 31, 2012     | March 31, 2011    | March 31, 2012    | March 31, 2011    |
| <b>Revenues:</b>                             |                    |                   |                   |                   |
| Product                                      | \$ 701,179         | \$ 691,270        | \$ 1,852,094      | \$ 1,869,736      |
| Service                                      | 139,342            | 142,789           | 427,385           | 412,992           |
| Total revenues                               | 840,521            | 834,059           | 2,279,479         | 2,282,728         |
| <b>Costs and operating expenses:</b>         |                    |                   |                   |                   |
| Costs of revenues                            | 355,149            | 327,696           | 968,353           | 903,063           |
| Engineering, research and development        | 110,102            | 95,617            | 334,227           | 285,234           |
| Selling, general and administrative          | 90,996             | 98,967            | 278,873           | 278,170           |
| Total costs and operating expenses           | 556,247            | 522,280           | 1,581,453         | 1,466,467         |
| Income from operations                       | 284,274            | 311,779           | 698,026           | 816,261           |
| Interest income and other, net               | (10,241)           | (10,259)          | (29,824)          | (40,238)          |
| Income before income taxes                   | 274,033            | 301,520           | 668,202           | 776,023           |
| Provision for income taxes                   | 68,687             | 91,737            | 160,064           | 226,552           |
| Net income                                   | <u>\$ 205,346</u>  | <u>\$ 209,783</u> | <u>\$ 508,138</u> | <u>\$ 549,471</u> |
| <b>Net income per share:</b>                 |                    |                   |                   |                   |
| Basic  | \$ 1.23            | \$ 1.25           | \$ 3.05           | \$ 3.29           |
| Diluted                                      | \$ 1.21            | \$ 1.22           | \$ 2.99           | \$ 3.23           |
| Cash dividends declared per share            | \$ 0.35            | \$ 0.25           | \$ 1.05           | \$ 0.75           |
| <b>Weighted average number of shares:</b>    |                    |                   |                   |                   |
| Basic  | 167,070            | 167,629           | 166,748           | 166,978           |
| Diluted                                      | 170,146            | 171,313           | 170,023           | 169,974           |



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

| <i>(In thousands)</i>  | Three months ended<br>March 31, |                   |
|--|---------------------------------|-------------------|
|  | 2012                            | 2011              |
| <b>Cash flows from operating activities:</b>   |                                 |                   |
| Net income   | \$ 205,346                      | \$ 209,783        |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                 |                   |
| Depreciation and amortization  | 22,400                          | 21,075            |
| Asset impairment charges   | —                               | 585               |
| Non-cash stock-based compensation expense  | 20,914                          | 18,847            |
| Net gain on sale of marketable securities and other investments                          | (96)                            | (422)             |
| <b>Changes in assets and liabilities:</b>  |                                 |                   |
| Increase in accounts receivable, net   | (97,698)                        | (35,069)          |
| Increase in inventories  | (9,694)                         | (46,856)          |
| Increase in other assets   | (42,190)                        | (43,842)          |
| Increase in accounts payable   | 10,481                          | 18,994            |
| Decrease in deferred system profit   | (7,021)                         | (11,424)          |
| Increase in other liabilities  | 159,652                         | 112,240           |
| Net cash provided by operating activities  | <u>262,094</u>                  | <u>243,911</u>    |
| <b>Cash flows from investing activities:</b>   |                                 |                   |
| Capital expenditures, net  | (14,278)                        | (13,829)          |
| Purchase of available-for-sale securities  | (523,615)                       | (338,953)         |
| Proceeds from sale and maturity of available-for-sale securities                         | 267,256                         | 173,391           |
| Purchase of trading securities   | (9,434)                         | (20,421)          |
| Proceeds from sale of trading securities   | 10,939                          | 22,556            |
| Net cash used in investing activities  | <u>(269,132)</u>                | <u>(177,256)</u>  |
| <b>Cash flows from financing activities:</b>   |                                 |                   |
| Issuance of common stock   | 74,640                          | 74,927            |
| Tax withholding payments related to vested and released restricted stock units           | (364)                           | (1,826)           |
| Common stock repurchases   | (66,934)                        | (57,697)          |
| Payment of dividends to stockholders   | (58,524)                        | (41,942)          |
| Net cash used in financing activities  | <u>(51,182)</u>                 | <u>(26,538)</u>   |
| Effect of exchange rate changes on cash and cash equivalents                             | (2,853)                         | 2,537             |
| Net increase (decrease) in cash and cash equivalents                                     | <u>(61,073)</u>                 | <u>42,654</u>     |
| Cash and cash equivalents at beginning of period   | 824,986                         | 596,104           |
| Cash and cash equivalents at end of period   | <u>\$ 763,913</u>               | <u>\$ 638,758</u> |
| <b>Supplemental cash flow disclosures:</b>   |                                 |                   |
| Income taxes paid, net   | \$ 9,724                        | \$ 79,618         |
| Interest paid  | \$ 248                          | \$ 296            |

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

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

|  | Three months ended |                      |                   | Nine months ended |                   |
|--|--------------------|----------------------|-------------------|-------------------|-------------------|
|  | March 31,<br>2012  | December 31,<br>2011 | March 31,<br>2011 | March 31,<br>2012 | March 31,<br>2011 |
| GAAP net income  | \$ 205,346         | \$ 110,797           | \$ 209,783        | \$ 508,138        | \$ 549,471        |
| <b>Adjustments to reconcile GAAP net income to non-GAAP net income</b> |                    |                      |                   |                   |                   |
| Acquisition related charges  | a 6,996            | 7,406                | 7,720             | 22,030            | 24,076            |
| Restructuring, severance and other related charges                     | b —                | 1,476                | —                 | 4,032             | (974)             |
| Restatement related charges  | c —                | —                    | 2,501             | 135               | 3,648             |
| Income tax effect of non-GAAP adjustments                              | d (2,281)          | (2,886)              | (3,632)           | (9,230)           | (9,410)           |
| Discrete tax items   | e 5,718            | 5,079                | 8,385             | 10,797            | 13,833            |
| Non-GAAP net income  | \$ 215,779         | \$ 121,872           | \$ 224,757        | \$ 535,902        | \$ 580,644        |
| GAAP net income per diluted share                                      | \$ 1.21            | \$ 0.66              | \$ 1.22           | \$ 2.99           | \$ 3.23           |
| Non-GAAP net income per diluted share                                  | \$ 1.27            | \$ 0.72              | \$ 1.31           | \$ 3.15           | \$ 3.42           |
| Shares used in diluted shares calculation                              | 170,146            | 169,103              | 171,313           | 170,023           | 169,974           |

**Pre-tax impact of items included in Consolidated Statements of Operations**

|   | Acquisition<br>related charges | Restructuring,<br>severance and<br>other related<br>charges | Restatement<br>related charges | Total pre-tax<br>GAAP to non-<br>GAAP<br>adjustment |
|---|--------------------------------|---|--------------------------------|---|
| <b>Three months ended March 31, 2012</b>      |                                |   |                                |   |
| Costs of revenues                             | \$ 4,608                       | \$ —  | \$ —                           | \$ 4,608  |
| Engineering, research and development         | 898                            | —   | —                              | 898   |
| Selling, general and administrative           | 1,490                          | —   | —                              | 1,490   |
| Total in three months ended March 31, 2012    | \$ 6,996                       | \$ —  | \$ —                           | \$ 6,996  |
| <b>Three months ended December 31, 2011</b>   |                                |   |                                |   |
| Costs of revenues                             | \$ 5,018                       | \$ 243  | \$ —                           | \$ 5,261  |
| Engineering, research and development         | 898                            | 241   | —                              | 1,139   |
| Selling, general and administrative           | 1,490                          | 992   | —                              | 2,482   |
| Total in three months ended December 31, 2011 | \$ 7,406                       | \$ 1,476  | \$ —                           | \$ 8,882  |
| <b>Three months ended March 31, 2011</b>      |                                |   |                                |   |
| Costs of revenues                             | \$ 5,332                       | \$ —  | \$ —                           | \$ 5,332  |
| Engineering, research and development         | 898                            | —   | —                              | 898   |
| Selling, general and administrative           | 1,490                          | —   | 2,501                          | 3,991   |
| Total in three months ended March 31, 2011    | \$ 7,720                       | \$ —  | \$ 2,501                       | \$ 10,221   |

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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 include 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 the amortization expense allows comparisons of operating results that are consistent over time for both KLA-Tencor's newly acquired and long-held 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 gains and costs associated with the company's facilities divestment and consolidation program and reductions in force. 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.
- c Restatement related charges include legal and other expenses related to the investigation regarding the company's historical stock option granting process and related stockholder litigation and other matters. KLA-Tencor has paid or reimbursed legal expenses incurred by a number of its current and former directors, officers and employees in connection with the investigation of the company's historical stock option practices and the related litigation and government inquiries. 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.
- 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 include the tax impact of shortfalls in excess of cumulative windfall tax benefits recorded as provision for income taxes during the period. Windfall tax benefits arise when a company's tax deduction for employee stock activity exceeds book compensation for the same activity and are generally recorded as increases to capital in excess of par value. Shortfalls arise when the tax deduction is less than book compensation and are recorded as decreases to capital in excess of par value to the extent that cumulative windfalls exceed cumulative shortfalls. Shortfalls in excess of cumulative windfalls are recorded as provision for income taxes. When there are shortfalls recorded as provision for income taxes during an earlier quarter, windfalls arising in subsequent quarters within the same fiscal year are recorded as a reduction to income taxes to the extent of the shortfalls recorded. 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.