

KLA TENCOR CORP  
Form 10-Q  
October 28, 2011  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-09992

KLA-Tencor Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

04-2564110

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

One Technology Drive, Milpitas, California

(Address of Principal Executive Offices)

(408) 875-3000

(Registrant's telephone number, including area code)

95035

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller  
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of October 13, 2011, there were 166,664,427 shares of the registrant's Common Stock, \$0.001 par value, outstanding.

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## PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS  
KLA-TENCOR CORPORATION  
Condensed Consolidated Balance Sheets  
(Unaudited)

(In thousands)	September 30, 2011	June 30, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$745,947	\$711,329
Marketable securities	1,354,204	1,327,206
Accounts receivable, net	461,640	583,270
Inventories, net	612,603	575,730
Deferred income taxes	290,372	331,397
Other current assets	132,153	147,078
Total current assets	3,596,919	3,676,010
Land, property and equipment, net	264,279	257,358
Goodwill	327,971	328,156
Purchased intangibles, net	77,949	85,902
Other non-current assets	298,199	328,095
Total assets	\$4,565,317	\$4,675,521
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$114,575	\$142,945
Deferred system profit	136,122	192,338
Unearned revenue	47,311	44,264
Other current liabilities	436,211	499,314
Total current liabilities	734,219	878,861
Non-current liabilities:		
Long-term debt	746,425	746,290
Income tax payable	37,978	78,337
Unearned revenue	38,857	34,905
Other non-current liabilities	73,243	76,235
Total liabilities	1,630,722	1,814,628
Commitments and contingencies (Note 12 and Note 13)		
Stockholders' equity:		
Common stock and capital in excess of par value	1,031,157	1,010,659
Retained earnings	1,910,403	1,852,633
Accumulated other comprehensive income (loss)	(6,965)	(2,399)
Total stockholders' equity	2,934,595	2,860,893
Total liabilities and stockholders' equity	\$4,565,317	\$4,675,521

See accompanying notes to condensed consolidated financial statements (unaudited).

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KLA-TENCOR CORPORATION  
 Condensed Consolidated Statements of Operations  
 (Unaudited)

(In thousands, except per share data)	Three months ended	
	September 30,	
	2011	2010
Revenues:		
Product	\$650,256	\$550,609
Service	146,220	131,733
Total revenues	796,476	682,342
Costs and operating expenses:		
Costs of revenues	340,349	263,969
Engineering, research and development	107,762	94,720
Selling, general and administrative	94,076	88,037
Total costs and operating expenses	542,187	446,726
Income from operations	254,289	235,616
Interest income and other, net	6,866	1,225
Interest expense	13,893	13,529
Income before income taxes	247,262	223,312
Provision for income taxes	55,267	69,116
Net income	\$191,995	\$154,196
Net income per share:		
Basic	\$1.15	\$0.92
Diluted	\$1.13	\$0.91
Cash dividends declared per share	\$0.35	\$0.25
Weighted average number of shares:		
Basic	166,684	167,187
Diluted	169,835	169,839

See accompanying notes to condensed consolidated financial statements (unaudited).

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KLA-TENCOR CORPORATION  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

Three months ended  
September 30,  
2011                      2010

(In thousands)  
Cash flows from operating activities: