



Fourth Quarter Fiscal Year 2014

Supplemental Financial Information

July 24, 2014



Q4-14 (June) Supplemental Financial Information

- Financial Information Summary
- Reconciliation of GAAP and Non-GAAP Financial Measures



Q4-14 (June) Quarter Non-GAAP Summary

Statement of Operations

Bookings / New Orders	\$898M
Shipments	\$694M
Revenues	\$734M
Gross Margin*	56%
R&D*	\$136M
SG&A*	\$95M
Operating Expenses*	\$231M
Other Income and Expense, Net	(\$6M)
Net Income*	\$133M
Diluted EPS*	\$0.80

* Non-GAAP, See appendix for GAAP to Non-GAAP reconciliation

Q4-14 (June) Summary Balance Sheet and Cash Flow Information

	Q2-14	Q3-14	Q4-14
Cash, Cash Equivalents and Marketable Securities	\$2.95B	\$3.03B	\$3.15B
Accounts Receivable, Net	\$573M	\$558M	\$493M
Net DSO (Shipment)*	61 days	69 days	65 days
Inventories	\$663M	\$681M	\$656M
Inventory Turns*	1.7x	2.0x	1.9x

Net Cash Provided by Operating Activities	\$115M	\$238M	\$249M
Capital Expenditures, Net	\$14M	\$18M	\$13M

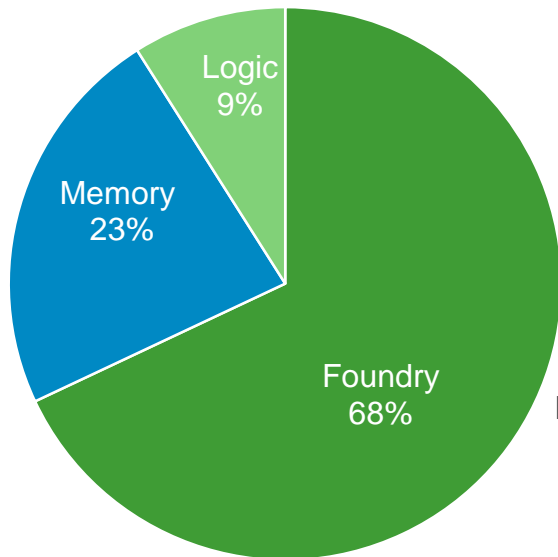
Dividends Paid	\$75.0M	\$74.8M	\$74.5M
Share Repurchases	\$60M	\$60M	\$60M

*DSO = Current Net AR / (Current Quarter Shipments / 91)

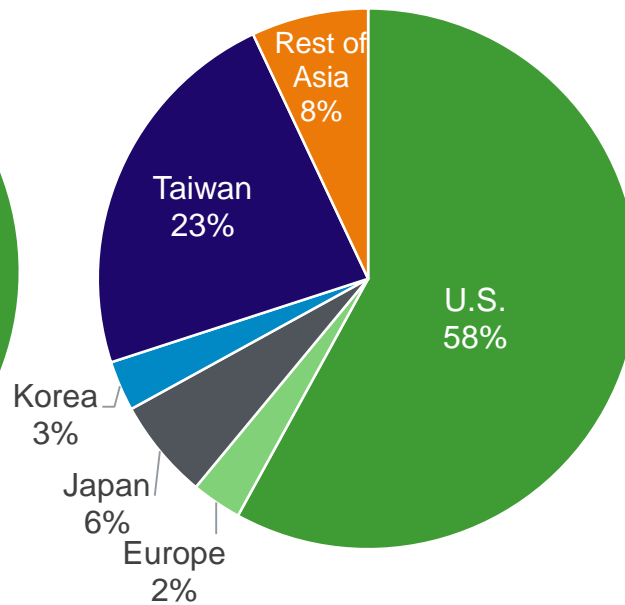
*Inventory Turns = Cost of Goods Sold / Average Inventory

Distribution of Q4-14 New System Orders

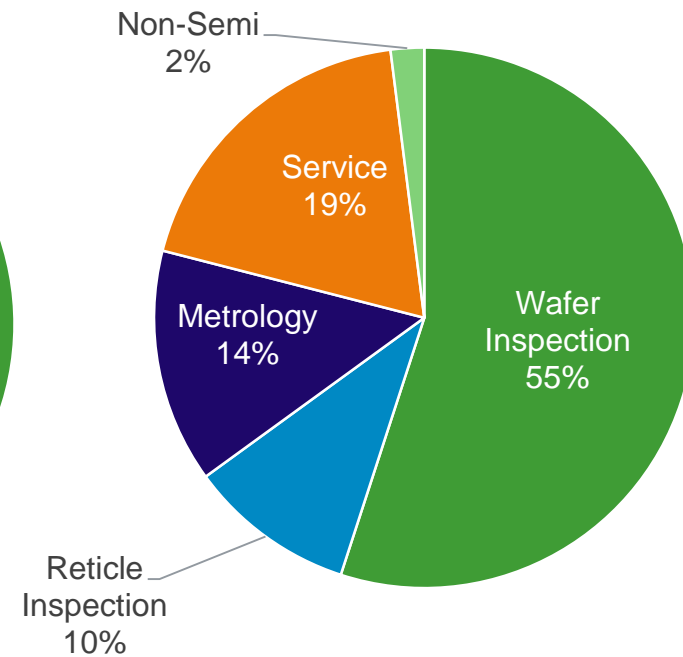
End Market



Region



Segment



Appendix

Reconciliation of GAAP and non-GAAP Financial Measures

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			Twelve months ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
GAAP net income	\$ 128,731	\$ 203,581	\$ 134,770	\$ 582,755	\$ 543,149
<u>Adjustments to reconcile GAAP net income to non-GAAP net income</u>					
Acquisition related charges	a 4,216	3,828	4,169	15,812	19,477
Restructuring, severance and other related charges	b 2,459	—	1,418	5,698	7,397
Income tax effect of non-GAAP adjustments	c (2,168)	(1,193)	(1,776)	(6,810)	(8,359)
Discrete tax items	d —	—	—	—	(3,514)
Non-GAAP net income	\$ 133,238	\$ 206,216	\$ 138,581	\$ 597,455	\$ 558,150
GAAP net income per diluted share	\$ 0.77	\$ 1.21	\$ 0.80	\$ 3.47	\$ 3.21
Non-GAAP net income per diluted share	\$ 0.80	\$ 1.23	\$ 0.82	\$ 3.55	\$ 3.30
Shares used in diluted shares calculation	167,345	167,989	168,685	168,118	169,260

Reconciliation of GAAP and non-GAAP Financial Measures

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

	<u>Acquisition related charges</u>	<u>Restructuring, severance and other related charges</u>	<u>Total pre-tax GAAP to non-GAAP adjustment</u>
<u>Three months ended June 30, 2014</u>			
Costs of revenues	\$ 2,623	\$ 245	\$ 2,868
Engineering, research and development	872	1,811	2,683
Selling, general and administrative	721	403	1,124
Total in three months ended June 30, 2014	<u>\$ 4,216</u>	<u>\$ 2,459</u>	<u>\$ 6,675</u>
<u>Three months ended March 31, 2014</u>			
Costs of revenues	\$ 1,921	\$ —	\$ 1,921
Engineering, research and development	836	—	836
Selling, general and administrative	1,071	—	1,071
Total in three months ended March 31, 2014	<u>\$ 3,828</u>	<u>\$ —</u>	<u>\$ 3,828</u>
<u>Three months ended June 30, 2013</u>			
Costs of revenues	\$ 1,921	\$ 950	\$ 2,871
Engineering, research and development	836	514	1,350
Selling, general and administrative	1,412	(46)	1,366
Total in three months ended June 30, 2013	<u>\$ 4,169</u>	<u>\$ 1,418</u>	<u>\$ 5,587</u>

