

AS AMENDED

Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

**Report of Organizational Actions
Affecting Basis of Securities**

OMB No. 1545-2224

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name KLA-TENCOR CORPORATION		2 Issuer's employer identification number (EIN) 04-2564110	
3 Name of contact for additional information ED LOCKWOOD	4 Telephone No. of contact 408-875-3000	5 Email address of contact IR@KLA-TENCOR.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact ONE TECHNOLOGY DRIVE		7 City, town, or post office, state, and Zip code of contact MILPITAS, CA 95035	
8 Date of action 3/2/2015	9 Classification and description COMMON STOCK		
10 CUSIP number 482480100	11 Serial number(s) N/A	12 Ticker symbol KLAC	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **ON MARCH 2, 2015, THE ISSUER MADE A CASH DISTRIBUTION OF \$0.50 PER SHARE TO ITS COMMON STOCKHOLDERS TOTALING \$82,250,333. THE CASH DISTRIBUTION IS IN EXCESS OF ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **7% OF THE DISTRIBUTION WILL BE TAXABLE AS A DIVIDEND AND THE REMAINING PORTION OF THE DISTRIBUTION WILL BE TREATED AS A RETURN OF CAPITAL. ANY AMOUNT CONSIDERED A RETURN OF CAPITAL WILL REDUCE STOCKHOLDER BASIS TO THE EXTENT THEREOF. ANY PORTION OF THE DISTRIBUTION IN EXCESS OF STOCKHOLDER BASIS WILL BE CAPITAL GAIN TO THE RECIPIENT STOCKHOLDER.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **WHEN AN ISSUER MAKES MULTIPLE DISTRIBUTIONS DURING THE TAX YEAR AND SUCH DISTRIBUTIONS, IN AGGREGATE, EXCEED THE CURRENT EARNINGS AND PROFITS, THE ISSUER'S CURRENT EARNINGS AND PROFITS ARE ALLOCATED PROPORTIONATELY ACROSS ALL OF THE DISTRIBUTIONS THAT ARE PAID AND INTENDED TO BE PAID DURING THE 2015 TAX YEAR OF THE ISSUER. THE INTENDED DISTRIBUTIONS WILL BE INCLUDED FOR PURPOSES OF THE ALLOCATION OF CURRENT EARNINGS AND PROFITS, HOWEVER, ACCUMULATED EARNINGS AND PROFITS ARE ALLOCATED BASED ON THE CHRONOLOGICAL ORDER OF THE THE DISTRIBUTIONS AND WILL NOT AFFECT THE INTENDED DISTRIBUTIONS. APPLYING THESE ALLOCATION PROVISIONS, 7% OF THE REGULAR DISTRIBUTION ON MARCH 2, 2015 WILL BE FULLY TAXABLE AS A DIVIDEND AND THE REMAINING PORTION OF THE DISTRIBUTION WILL BE TREATED AS A RETURN OF CAPITAL.**


Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
DISTRIBUTIONS TO STOCKHOLDERS TO THE EXTENT OF THE CORPORATION'S EARNINGS AND PROFITS ARE REPORTED AS TAXABLE DIVIDENDS UNDER SECTION 301(c)(1) AND IN ACCORDANCE WITH SECTION 316. IN THE EVENT A DISTRIBUTION TO STOCKHOLDERS EXCEEDS THE CORPORATION'S CURRENT AND ACCUMULATED EARNINGS AND PROFITS AS COMPUTED UNDER SECTION 312, STOCKHOLDERS MUST APPLY THE RULES OF SECTION 301(c) TO DETERMINE IF THE DISTRIBUTION IS A NON-TAXABLE RETURN OF CAPITAL UNDER SECTION 301(c)(2) OR IF THE DISTRIBUTION IS REPORTED AS A CAPITAL GAIN UNDER SECTION 301(c)(3). THE ISSUER HAS COMPUTED ITS POSITIVE CURRENT AND ACCUMULATED EARNINGS AND PROFITS IN ACCORDANCE WITH SECTION 312. AS MENTIONED ABOVE, THE CURRENT EARNINGS AND PROFITS ARE ALLOCATED PROPORTIONATELY ACROSS ALL OF THE DISTRIBUTIONS IN ACCORDANCE WITH TREAS. REG. SECTION 1.316-2(b) AND THE ACCUMULATED EARNINGS AND PROFITS ARE ALLOCATED BASED ON THE CHRONOLOGICAL ORDER OF THE DISTRIBUTIONS PURSUANT TO REV RUL. 74-338.

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
THE STOCKHOLDER'S REPORTABLE TAX YEAR IS THE YEAR ENDED DECEMBER 31, 2015.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 1/14/16
Print your name ▶ VIRENDRA KIRLOSKAR Title ▶ CHIEF ACCOUNTING OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.