KLA-TENCOR CORPORATION

Consolidated Balance Sheets

Page Page		As of J	ıne 30,	
Current assets: Cash and cash equivalents \$1,108,488 \$38,025 Marketable securities 1,382,806 1,549,086 Accounts receivable, net 613,233 585,494 Inventories 698,635 617,904 Deferred income taxes 64,870 77,814 Total current assets 3,868,032 3,904,576 Land, property and equipment, net 2278,014 314,591 Goodwill 335,177 335,173 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 818,039 Total assets \$4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: \$4,962,432 \$4,826,012 Accounts payable \$106,517 \$103,342 \$1,966,91 Deferred system profit \$17,455 14,8691 Unearned revenue \$5,9147 71,335 Current portion of long-term debt \$6,220 661,244 Total current liabili	(In thousands, except par value)	2016	2015	
Cash and cash equivalents \$1,108,488 \$38,025 Marketable securities 1,382,806 1,549,086 Accounts receivable, net 698,635 617,904 Inventories 698,635 77,814 Deferred income taxes 3,626,33 3904,576 Land, property and equipment, net 278,014 314,591 Goodwill 335,177 335,263 3904,576 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets 4,331 11,895 Other non-current isabilities 4,331 11,895 Current liabilities 5,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY 174,551 148,691 Unearned revenue 59,147 71,335 Current liabilities 59,147 71,335 Current profrion of long-term debt 662,208 661,414 Total current liabilities 3,057,936 3,173,435 Unearned revenue 50,305 47,145 Other non-current liabilities<	ASSETS			
Marketable securities 1,382,806 1,549,086 Accounts receivable, net 613,233 585,494 Inventories 698,635 1617,904 Deferred income taxes 236,253 Other current assets 64,870 77,814 Total current assets 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 174,659 181,039 Other non-current assets 174,659 181,039 Total assets \$4962,432 \$4826,012 LIABILITIES AND STOCKHOLDERS' EQUITY 2 174,651 \$103,342 Deferred system profit 174,551 148,691 148,691 Unearned revenue 59,147 71,353 148,691 Other current liabilities 662,208 661,414 16,981 Other non-current liabilities 3,057,936 3,173,435 Current portion of long-term debt 3,057,936 3,173,435 Unearned revenue 56,336 47,145	Current assets:			
Marketable securities 1,382,806 1,549,086 Accounts receivable, net 613,233 585,494 Inventories 698,635 517,904 Deferred income taxes 236,253 Other current assets 64,870 77,814 Total current assets 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 302,219 786,648 Purchased intangibles, net 174,659 181,039 Total assets \$4962,432 \$4826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities \$106,517 \$103,342 Deferred system profit 174,551 \$148,691 \$148,691 Uncarned revenue 59,147 77,314 \$14,691 Other current liabilities 662,208 661,414 \$100,423 \$100,176 Non-current liabilities 3,057,936 3,173,435 \$16,981 \$16,981 \$16,981 \$16,981 \$16,981 \$16,981 \$16,981 \$16,9	Cash and cash equivalents	\$1,108,488	\$ 838,025	
Inventories 698,635 617,904 Deferred income taxes 236,253 Other current assets 64,870 77,814 Total current assets 3,868,032 3,904,576 Land, property and equipment, net 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets 4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Variety of the current liabilities 174,551 181,039 Deferred system profit 174,551 148,691 19,342 Deferred system profit 59,147 71,335 16,981 Current portion of long-term debt 50,343 661,414 16,981 Total current liabilities 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 3,057,936 18,230 Total liabilities 3,057,936		1,382,806	1,549,086	
Inventories 698,635 617,904 Deferred income taxes 236,253 Other current assets 64,870 77,814 Total current assets 3,868,032 3,904,576 Land, property and equipment, net 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets 4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Variety of the current liabilities 174,551 181,039 Deferred system profit 174,551 148,691 19,342 Deferred system profit 59,147 71,335 16,981 Current portion of long-term debt 50,343 661,414 16,981 Total current liabilities 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 3,057,936 18,230 Total liabilities 3,057,936	Accounts receivable, net	613,233	585,494	
Other current assets 64,870 77,814 Total current assets 3,868,032 3,904,576 Land, property and equipment, net 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 300,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets 34,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Verrent liabilities 106,517 \$103,342 Current liabilities 174,551 148,691 148,691 Unearned revenue 59,147 71,335 169,811 169,811 169,811 169,811 169,811 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 <				
Other current assets 64,870 77,814 Total current assets 3,868,032 3,904,576 Land, property and equipment, net 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 300,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets 34,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Verrent liabilities 106,517 \$103,342 Current liabilities 174,551 148,691 148,691 Unearned revenue 59,147 71,335 169,811 169,811 169,811 169,811 169,811 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 174,551 148,691 <	Deferred income taxes		236,253	
Land, property and equipment, net 278,014 314,591 Goodwill 335,177 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets \$4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable \$106,517 \$103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt 59,147 71,335 Current portion of long-term debt 3,057,936 3,173,435 Unearned revenue 56,230 46,144 Total current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 3,057,936 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) <t< td=""><td>Other current assets</td><td>64,870</td><td>77,814</td></t<>	Other current assets	64,870	77,814	
Goodwill 335,177 335,263 Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets \$4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable 106,517 \$103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt 662,208 661,414 Total current liabilities 1,002,423 1,001,763 Non-current liabilities Long-term debt 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 3,057,936 156,623 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) Stockholders' equity: Preferred stock, \$0,001 par value, 1,000 shares authorized, none outstanding, as of June 30, 2015, respectiv	Total current assets	3,868,032	3,904,576	
Deferred income taxes, non-current 302,219 78,648 Purchased intangibles, net 4,331 11,895 Other non-current assets 174,659 181,039 Total assets \$4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable \$106,517 \$103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt - 16,981 Other current liabilities 662,208 661,414 Total current liabilities 3,057,936 3,173,435 Unearned revenue 3,057,936 47,145 Other non-current liabilities 3,057,936 47,145 Other non-current liabilities 4,273,318 4,04,573 Commitments and contingencies (Notes 12 and 13) 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 5 - - Stockholders' equity: - - - - Capital in exc	Land, property and equipment, net	278,014	314,591	
Purchased intangibles, net Other non-current assets 4,331 (11,895) (174,659) (181,039) Total assets \$4,962,432 (34,826,012) LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: *** Accounts payable \$106,517 (71,355) \$103,342 (21,325) Deferred system profit \$174,551 (21,48,691) \$148,691 (21,48) Unearned revenue \$5,914 (71,335) \$148,691 (71,335) Current portion of long-term debt \$662,208 (661,414) \$661,414 Total current liabilities \$1,002,423 (10,01,763) Non-current liabilities \$1,002,423 (10,01,763) Vone-current debt \$3,057,936 (31,73,435) \$47,145 (21,643) Other non-current liabilities \$156,623 (32,30) \$156,623 (32,30) Total liabilities \$4,273,318 (4,404,573) \$4,404,573 Commitments and contingencies (Notes 12 and 13) \$156 (21,236) \$158 (21,236) Stockholders' equity: Preferred stock, \$0,001 par value, \$1,000 shares authorized, 260,619 and 259,007 shares issued, \$155,955 and \$157,851 shares outstanding, as of June 30, 2015, respectively \$156 (31,362) \$158 (31,362) Capital in excess of par value \$245,818 (474,216) \$472,16 (2	Goodwill	335,177	335,263	
Other non-current assets 174,659 181,039 Total assets \$4,962,432 \$4,826,012 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable \$ 106,517 \$ 103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt 662,208 661,414 Total current liabilities 1,002,423 1,001,763 Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 3,057,936 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 50,623 182,230 Tocommitments and contingencies (Notes 12 and 13) 50,007 shares sissued, 155,955 and 157,851 shares outstanding, as of June 30, 2015 respectively 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) <td>Deferred income taxes, non-current</td> <td>302,219</td> <td>78,648</td>	Deferred income taxes, non-current	302,219	78,648	
Total assets \$4,962,432 \$4,826,012	Purchased intangibles, net	4,331	11,895	
LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable \$ 106,517 \$ 103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt — 16,981 Other current liabilities 662,208 661,414 Total current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) Stockholders' equity: — — Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding — — Common stock, \$0.001 par value, \$00,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) </td <td>Other non-current assets</td> <td>174,659</td> <td>181,039</td>	Other non-current assets	174,659	181,039	
Current liabilities: Accounts payable \$106,517 \$103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt — 16,981 Other current liabilities 662,208 661,414 Total current liabilities 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 50,000	Total assets	\$4,962,432	\$4,826,012	
Accounts payable \$ 106,517 \$ 103,342 Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt — 16,981 Other current liabilities 662,208 661,414 Total current liabilities 1,002,423 1,001,763 Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 50,001 4,273,318 4,404,573 Common stock, \$0.001 par value, 1,000 shares authorized, none outstanding Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity	LIABILITIES AND STOCKHOLDERS' EQUITY			
Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt - 16,981 Other current liabilities 662,208 661,414 Total current liabilities 1,002,423 1,001,763 Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) Stockholders' equity: - - Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Current liabilities:			
Deferred system profit 174,551 148,691 Unearned revenue 59,147 71,335 Current portion of long-term debt - 16,981 Other current liabilities 662,208 661,414 Total current liabilities 1,002,423 1,001,763 Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) Stockholders' equity: - - Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Accounts payable	\$ 106,517	\$ 103,342	
Unearned revenue 59,147 71,335 Current portion of long-term debt — 16,981 Other current liabilities 1,002,423 661,414 Total current liabilities 1,002,423 1,001,763 Non-current debt 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 5tockholders' equity: — — Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding, 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	* *			
Current portion of long-term debt — 16,981 Other current liabilities 1,002,423 661,414 Total current liabilities 1,002,423 1,001,763 Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 5tockholders' equity: — — Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding, common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439				
Total current liabilities 1,002,423 1,001,763 Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 50,000 shares authorized, none outstanding - - Common stock, \$0.001 par value, 1,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439				
Non-current liabilities: 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) Stockholders' equity: — — Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding. — — Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Other current liabilities	662,208	661,414	
Long-term debt 3,057,936 3,173,435 Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) 50,001 50,001 50,000 50,000 50,001 50,000	Total current liabilities	1,002,423	1,001,763	
Unearned revenue 56,336 47,145 Other non-current liabilities 156,623 182,230 Total liabilities 4,273,318 4,404,573 Commitments and contingencies (Notes 12 and 13) Stockholders' equity: — — Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding. — — Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Non-current liabilities:			
Other non-current liabilities	Long-term debt	3,057,936	3,173,435	
Total liabilities	Unearned revenue	56,336	47,145	
Commitments and contingencies (Notes 12 and 13) Stockholders' equity: Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding — — Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively	Other non-current liabilities	156,623	182,230	
Stockholders' equity: Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding — — Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Total liabilities	4,273,318	4,404,573	
Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding — — — Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively	Commitments and contingencies (Notes 12 and 13)			
Preferred stock, \$0.001 par value, 1,000 shares authorized, none outstanding — — — Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and 259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 2016 and June 30, 2015, respectively	Stockholders' equity:			
259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30, 156 158 2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439				
2016 and June 30, 2015, respectively 156 158 Capital in excess of par value 452,818 474,216 Retained earnings (accumulated deficit) 284,825 (12,362) Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Common stock, \$0.001 par value, 500,000 shares authorized, 260,619 and			
Capital in excess of par value452,818474,216Retained earnings (accumulated deficit)284,825(12,362)Accumulated other comprehensive income (loss)(48,685)(40,573)Total stockholders' equity689,114421,439	259,007 shares issued, 155,955 and 157,851 shares outstanding, as of June 30,			
Retained earnings (accumulated deficit)284,825(12,362)Accumulated other comprehensive income (loss)(48,685)(40,573)Total stockholders' equity689,114421,439	· · · · · · · · · · · · · · · · · · ·	156	158	
Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439		452,818	474,216	
Accumulated other comprehensive income (loss) (48,685) (40,573) Total stockholders' equity 689,114 421,439	Retained earnings (accumulated deficit)	284,825	(12,362)	
		(48,685)	(40,573)	
Total liabilities and stockholders' equity $\dots \underbrace{\$4,962,432}$ $\underbrace{\$4,826,012}$	Total stockholders' equity	689,114	421,439	
	Total liabilities and stockholders' equity	\$4,962,432	\$4,826,012	

See accompanying notes to consolidated financial statements.

KLA-TENCOR CORPORATION

Consolidated Statements of Operations

	Year ended June 30,				
(In thousands, except per share amounts)	2016	2015	2014		
Revenues:					
Product	\$2,250,260	\$2,125,396	\$2,286,437		
Service	734,233	688,653	642,971		
Total revenues	2,984,493	2,814,049	2,929,408		
Costs and expenses:					
Costs of revenues	1,163,391	1,215,229	1,232,962		
Research and development	481,258	530,616	539,469		
Selling, general and administrative	379,399	406,864	384,907		
Loss on extinguishment of debt and other, net		131,669	_		
Interest expense	122,887	106,009	53,812		
Other expense (income), net	(20,634)	(10,469)	(16,203)		
Income before income taxes	858,192	434,131	734,461		
Provision for income taxes	153,770	67,973	151,706		
Net income	\$ 704,422	\$ 366,158	\$ 582,755		
Net income per share:					
Basic	\$ 4.52	\$ 2.26	\$ 3.51		
Diluted	\$ 4.49	\$ 2.24	\$ 3.47		
Cash dividends declared per share (including a special cash dividend of \$16.50 per share declared during the three months ended					
December 31, 2014)	\$ 2.08	\$ 18.50	\$ 1.80		
Weighted-average number of shares:					
Basic	155,869	162,282	166,016		
Diluted	156,779	163,701	168,118		

KLA-TENCOR CORPORATION

Consolidated Statements of Cash Flows

		Year Ended June 30,				
(In thousands)		2016		2015		2014
Cash flows from operating activities:						
Net income	\$	704,422	\$	366,158	\$	582,755
Depreciation and amortization		66,932		80,536		83,072
Asset impairment charges		1,396		2,126		1,374
Loss on extinguishment of debt and other, net		_		131,669		_
Non-cash stock-based compensation expense		45,050		55,302		60,940
Deferred income taxes		19,804		(24,245)		17,176
Excess tax benefit from equity awards		(11,936)		(15,403)		(20,554)
Net gain on sale of marketable securities and other investments		(5,887)		(2,119)		(5,920)
Decrease (increase) in accounts receivable, net		(8,292)		(118,520)		32,591
Decrease (increase) in inventories		(67,579)		27,500		(26,173)
Decrease (increase) in other assets		14,613		11,135		(26,265)
Increase (decrease) in accounts payable		3,109		848		(12,333)
Increase (decrease) in deferred system profit		25,860		768		(10,042)
Increase (decrease) in other liabilities	_	(27,796)		90,151		102,265
Net cash provided by operating activities	_	759,696	_	605,906	_	778,886
Cash flows from investing activities:						(1.245)
Acquisition of non-marketable securities		_		_		(1,345)
Acquisition of business Capital expenditures, net		(31,741)		(45,791)		(18,000) (67,502)
Proceeds from sale of assets		7.076		(43,791)		3.836
Purchases of available-for-sale securities	(1,175,720)	(1,731,551)	(1,834,223)
Proceeds from sale of available-for-sale securities	(737,817		1,993,396	(987.512
Proceeds from maturity of available-for-sale securities		602,446		699,108		251,876
Purchases of trading securities		(68,378)		(60,808)		(64,053)
Proceeds from sale of trading securities		73,187		63,867		65,790
Net cash provided by (used in) investing activities		144,687		918,221		(676,109)
Cash flows from financing activities:						
Proceeds from issuance of debt, net of issuance costs				3,224,906		_
Repayment of debt		(135,000)		(916,117)		-
Issuance of common stock		38,298		47,008		112,221
units		(23,942)		(30,229)		(51,948)
Common stock repurchases		(181,711)		(602,888)		(240,843)
Payment of dividends to stockholders		(346,283)	(.	3,041,055)		(298,871)
Excess tax benefit from equity awards	_	11,936	_	15,403	_	20,554
Net cash used in financing activities	_	(636,702)		1,302,972)	_	(458,887)
Effect of exchange rate changes on cash and cash equivalents	_	2,782	_	(13,991)	_	1,581
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of period		270,463 838,025		207,164 630,861		(354,529) 985,390
Cash and cash equivalents at end of period	\$	1,108,488	\$	838,025	\$	630,861
Supplemental cash flow disclosures:						
Income taxes paid, net	\$	105,187	\$	69,681	\$	117,348
Interest paid	\$	120,433	\$	92,982	\$	52,474
Non-cash activities:	<u>_</u>	2025	<i>_</i>	1010	.	2
Purchase of land, property and equipment—investing activities	\$	2,035	\$	1,843	\$	3,457
Unsettled common stock repurchase—financing activities	\$ \$	 19,556	\$ \$	5,968	\$ \$	_
Dividends payable—financing activities	Ф	17,330	Φ	42,002	φ	_

See accompanying notes to consolidated financial statements.