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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 2) \*

KLA-Tencor Corporation (Name of Issuer)

Common Stock (Title of Class of Securities)

> 482480100 (CUSIP Number)

December 31, 1998 (Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- [X] Rule 13d-1 (b)
- [ ] Rule 13d-1 (c)
- [ ] Rule 13d-1 (d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 482480100 Page 2 of 5 Pages 13G

- 1) NAME OF REPORTING PERSON S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Neuberger Berman, LLC 13-5521910
- CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* 2)

(a) /\_

(b)  $/\overline{X}/$ 

- SEC USE ONLY 3)
- CITIZENSHIP OR PLACE OF ORGANIZATION 4) Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

- SOLE VOTING POWER 5) 219,305
- SHARED VOTING POWER 6) 1,497,900
- 7) SOLE DISPOSITIVE POWER
- SHARED DISPOSITIVE POWER 1,753,655
- AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
- CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\* 19,600

- 11) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9 12) TYPE OF REPORTING PERSON\* BD/IA CUSIP No. 482480100 13G Page 3 of 5 Pages Item 1. (a) Name of Issuer: KLA-Tencor Corporation Item 1 (b) Address of Issuer's Principal Executive Offices: 160 Rio Robles, San Jose, CA 95134 Item 2. (a) Name of Person Filing: Neuberger Berman, LLC Neuberger Berman Management Inc. Item 2 (b) Address of Principal Business Office: 605 Third Ave., New York, NY, 10158-3698 Item 2 (c) Citizenship: USA Title of Class of Securities: Item 2 (d) Common Stock Item 2 (e) CUSIP Number: 482480100 Item 3. (a) /X/ Broker or Dealer registered under Section 15 of the Act Item 3 (b) /X/ Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940 /X/ Investment Company registered under Section 8 of the Item 3 (c) Investment Company Act. Item 4. Ownership: Amount Beneficially Owned: (a) 1,753,655 Percent of Class: (b) 2.01 CUSIP No. 482480100 Page 4 of 5 Pages 13G Number of Shares as to which such person has:
  - (I) Sole Power to vote or to direct the vote: 219,305
  - (II) Shared Power to vote or to direct the vote: 1,497,900
  - (III) Sole Power to dispose or to direct the disposition of:  $\boldsymbol{0}$
  - (IV) Shared Power to dispose or to direct the disposition of: 1,753,655
- Item 5. Ownership of Five Percent or Less of a Class: This statement is being filed to report the fact, that as of the date hereof, Neuberger Berman, LLC has ceased to be the beneficial owner of more than five percent of the class of securities.
- Item 6. Ownership of More than Five Percent on Behalf of Another:

Neuberger Berman, LLC is deemed to be a beneficial owner for purpose of Rule 13(d) since it has shared power to make decisions whether to retain or dispose of, and in some cases the sole power to vote, the securities of

many unrelated clients. Neuberger Berman, LLC does not, however, have any economic interest in the securities of those clients. The clients are the actual owners of the securities and have the sole right to receive and the power to direct the receipt of dividends from or proceeds from the sale of such securities.

Principal(s) of Neuberger Berman, LLC own 19,600 shares. Principal(s) own these shares in their own personal securities accounts. Neuberger Berman LLC disclaims beneficial ownership of these shares since; these shares were purchased with each principal(s)' personal funds and each principal has exclusive dispositive and voting power over the shares held in their respective accounts.

With regard to the shares set forth under Item 4.(c)(II), Neuberger Berman, LLC and Neuberger Berman Management Inc. are deemed to be beneficial owners for purposes of Rule 13(d) since they both have shared power to make decisions whether to retain or dispose and vote the securities. Neuberger Berman, LLC and Neuberger Berman Management Inc. serve as sub-adviser and investment manager, respectively, of Neuberger Berman's various Mutual Funds which hold such shares in the ordinary course of their business and not with the purpose nor with the effect of changing or influencing the control of the issuer.

No other Neuberger Berman, LLC advisory client has an interest of more than 5% of the issuer.

It should be further noted that the share calculation under item 4.(c) (IV) is derived from a total combination of the shares set forth under Item 4.(c) (I and II). The remaining balance of shares, if any, are for individual client accounts over which Neuberger Berman, LLC has shared power to dispose but not vote shares.

CUSIP No. 482480100

13G

Page 5 of 5 Pages

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company:

N/A

Item 8. Identification and Classification of Members of the Group:

N/A

Item 9. Notice of Dissolution of Group:

N/A

Item 10. Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

## Signature:

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 10, 1999

Bv:

C. Carl Randolph

Principal/General Counsel Name/Title