

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

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 15, 2005

KLA-Tencor Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

000-09992
(Commission File Number)

04-2564110
(I.R.S. Employer Identification No.)

**160 Rio Robles
San Jose, California 95134**
(Address of principal executive offices, including zip code)

(408) 875-3000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

TABLE OF CONTENTS

[Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.](#)

[Item 1.01. Entry into Material Definitive Agreement.](#)

[Item 9.01. Financial Statements and Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99.1](#)

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On November 15, 2005 KLA-Tencor Corporation (the “Company”) announced that effective January 1, 2006 Kenneth L. Schroeder will become a senior advisor to the Company and cease to be Chief Executive Officer or a member of the Board of Directors. The Board of Directors of the Company has appointed, effective on January 1, 2006, Richard P. Wallace as the Company’s Chief Executive Officer and John H. Kispert as the Company’s President and Chief Operating Officer. The Board of Directors also appointed Mr. Wallace as a member of the Board of Directors effective on January 1, 2006 as a Class III Director. The Company issued a press release on November 16, 2005 regarding the foregoing, a copy of which is filed herewith as Exhibit No. 99.1.

Mr. Wallace, 45, has been President and Chief Operating Officer of the Company since July 2005. He was Executive Vice President of the Company’s Customer Group from May 2004 to July 2005. He was Executive Vice President of the Company’s Wafer Inspection, Review & Analysis Group from July 2000 to May 2004. From July 1999 to June 2000, he was the Company’s Group Vice President for Lithography and Films. From April 1998 to June 1999, he was the Company’s Vice President and General Manager of the Mirage Group. From 1995 to March 1998 he was the Company’s Vice President and General Manager of the Wisard division. Mr. Wallace originally joined KLA-Tencor in 1988 and has held a series of other management positions.

Mr. Kispert, 41, has been the Company’s Chief Financial Officer and Executive Vice President since July 2000. From July 1999 to July 2000, Mr. Kispert was the Company’s Vice President of Finance and Accounting. From February 1998 to July 1999, he was the Company’s Vice President of Operations for the Wafer Inspection Group. Mr. Kispert joined the Company in February 1995 and has held a series of other management positions within the Company. He currently serves on the board of directors of North American SEMI, an industry trade association.

Item 1.01. Entry into Material Definitive Agreement.

On February 23, 2005, the Company and Mr. Schroeder entered into a new agreement (the “Agreement”). Effective November 15, 2005, the Company and Mr. Schroeder amended the Agreement. The differences to the Agreement that are material to the Company are as follows:

- The Company can provide fully insured health, dental and vision coverage during Mr. Schroeder’s part-time employment term.
- During Mr. Schroeder’s part-time employment period:
 - He will receive an additional bonus payout for the Company’s fiscal year ended June 30, 2009;
 - For options held by Mr. Schroeder granted prior to September 21, 2004, provide that they terminate on the earliest of (i) December 31, 2009, (ii) on the date specified in the relevant option agreement, in the event that Mr. Schroeder does not remain a part-time employee through January 1, 2009, and (iii) the last day of the original option term;
 - For options held by Mr. Schroeder terminating on December 31, 2009, provide for accelerated vesting through July 1, 2011 if Mr. Schroeder remains a part-time employee of the Company through October 1, 2009;
 - For two options granted in 2004 and 2005, provide for 6 months’ accelerated vesting if Mr. Schroeder remains a part-time employee through 1/1/2011;
 - Extend payment of base salary by six months.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by KLA-Tencor Corporation dated November 15, 2005.

EXHIBIT INDEX

Exhibit	Description
No.	
99.1	Press Release issued by KLA-Tencor Corporation dated November 15, 2005.

**KLA-TENCOR APPOINTS RICK WALLACE CHIEF EXECUTIVE OFFICER;
JOHN KISPERT NAMED PRESIDENT AND CHIEF OPERATING OFFICER**

SAN JOSE, Calif., Nov. 15, 2005—KLA-Tencor Corp. (NASDAQ: KLAC) today announced that it has appointed Richard P. (Rick) Wallace, age 45, as its next chief executive officer (CEO), effective January 1, 2006. Wallace, who currently serves as KLA-Tencor's president and chief operating officer (COO), will succeed Kenneth L. Schroeder, age 59, who plans to retire as CEO at the end of this year. Wallace will assume Schroeder's seat on the board, while Schroeder will become a senior advisor to the company. In addition, the company announced that John Kispert, KLA-Tencor's chief financial officer (CFO), will assume the role of president and COO, also effective January 1, 2006. Kispert will serve in both roles until a new CFO is appointed.

"KLA-Tencor is very fortunate to have a long-term member of its management team with the breadth of experience and capabilities needed to lead the company through its next phase of growth," said Kenneth Levy, KLA-Tencor's founder and chairman of the board. "Rick has held key leadership positions throughout KLA-Tencor, including the company's Wafer Inspection and Customer Groups. He has realized an impressive record of accomplishments in each of his management positions, and is uniquely qualified for the role of CEO at the company."

John Kispert, a ten-year KLA-Tencor veteran, will assume the role of the company's president and COO. Mr. Kispert has served as the company's CFO since July 2000, and will continue to hold this position until a replacement is announced. He has also held senior management roles in manufacturing, sales operations, and service.

"John is ideally suited to serve as president and COO of our company," said Levy. "Over his long tenure at KLA-Tencor he has proven that he combines a thorough understanding of our business and a passion for excellence in operations with a focus on superior financial performance."

"Lastly, on behalf of our entire board and all our employees, I want to thank Ken Schroeder for the significant contributions he's made to the company," Levy concluded.

"During Ken's tenure as CEO, KLA-Tencor's sales grew from \$1 billion to \$2.1 billion and retained earnings tripled from \$700 million to \$2.1 billion. KLA-Tencor further solidified its position as the clear market leader in yield management technologies for the global semiconductor industry. Ken has also been instrumental in building one of the industry's strongest management teams and has laid the groundwork for our continued growth."

Wallace, a 17-year veteran of KLA-Tencor, has successfully held some of the company's most critical leadership positions, and played an important role in furthering KLA-Tencor's strong market and technology position. His experience at KLA-Tencor runs the gamut from his appointment to president and COO this past July to his start with the company in 1988 as an applications engineer. Among the business units he has been responsible for are the Wafer Inspection Group, Reticle and Photomask Inspection Division, Films and Surface Technology Division, Software and Customer Groups, and the Lithography Control Group. Wallace earned his bachelor's degree in electrical engineering from the University of Michigan and his master's degree in engineering management from Santa Clara University.

Kispert was appointed CFO of KLA-Tencor in 2000, and before that served as vice president of finance. Highlighting the success of his efforts to improve the company's already-solid financial execution efforts, he has been named one of America's best CFOs by *Institutional Investor* magazine. In addition to his CFO duties, he has been responsible for running the company's customer service and support, manufacturing, and sales operations. Previously, as vice president of operations for KLA-Tencor's Wafer Inspection Group, Kispert helped further solidify the unit's market leadership, while also improving its product development and manufacturing efficiency. Earlier, he also served as controller for the company's wafer, reticle and SEMspec inspection divisions. Before joining KLA-Tencor in 1995, Kispert held several senior management positions with IBM. He received his bachelor's degree in political science from Grinnell College and his MBA from the University of California, Los Angeles.

Management Changes to be Discussed at Analyst Meeting, Conference Call and Webcast

KLA-Tencor will host a meeting, conference call and webcast at 8:00 a.m. Pacific Time (11:00 a.m. Eastern Time) on Wednesday, November 16, 2005 to exclusively discuss today's specific announcements about the company's management changes. Presentation materials can be accessed through the KLA-Tencor website at <http://ir.kla-tencor.com/>. The meeting to discuss KLA-Tencor's management changes will be held at the Palace Hotel at 2 New Montgomery Street in San Francisco, Calif. To participate in the call, dial (800) 599-9829. International callers should dial (617) 847-8703. The participant password is 60860837. The call will also be simultaneously webcast at www.kla-tencor.com, where a replay of the webcast will also be made available.

About KLA-Tencor: KLA-Tencor is the world leader in yield management and process control solutions for semiconductor manufacturing and related industries. Headquartered in San Jose, Calif., the company has sales and service offices around the world. An S&P 500 company, KLA-Tencor was named one of the Best Managed Companies in America for 2005 by *Forbes Magazine* and is the only company in the semiconductor industry to receive the accolade for this year. KLA-Tencor is traded on the NASDAQ National Market under the symbol KLAC. Additional information about the company is available on the Internet at www.kla-tencor.com.