

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

SCHEDULE TO
(Rule 13e-4)

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 1)
KLA-TENCOR CORPORATION

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Shares of Common Stock, Par Value \$0.001 Per Share
(Title of Class of Securities)

482480100
(CUSIP Number of Class of Securities)
(Underlying Common Stock)

Jeffrey L. Hall
Senior Vice President and Chief Financial Officer
KLA-Tencor Corporation
160 Rio Robles
San Jose, California 95134
(408) 875-3000

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person)

Copy to:
S. James DiBernardo, Esq.
Jill Mather Bartow, Esq.
Morgan, Lewis, & Bockius LLP
Two Palo Alto Square
Palo Alto, California 94306
(650) 843-4000

CALCULATION OF FILING FEE

Transaction valuation*
\$141,307,107.00

Amount of filing fee**
\$4,338.13***

- * The "transaction valuation" set forth above is based on the Black-Scholes option valuation model, and assumes that all outstanding options eligible for tender covering an aggregate of 5,139,344 shares of common stock of KLA-Tencor Corporation will be amended pursuant to this offer, which may not occur.
- ** The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, as modified by Fee Advisory No. 5 for fiscal year 2007, equals \$30.70 per \$1,000,000 of transaction valuation. The transaction valuation set forth above was calculated for the sole purpose of determining the filing fee, and should not be used or relied upon for any other purpose.
- *** Previously paid.
- Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | |
|---------------------------|-----------------|
| Amount Previously Paid: | Not applicable. |
| Form or Registration No.: | Not applicable. |
| Filing party: | Not applicable. |
| Date filed: | Not applicable. |
- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.
- Check the appropriate boxes below to designate any transactions to which the statement relates:
- third party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.
- Check the following box if the filing is a final amendment reporting the results of the tender offer.

Introductory Statement

This Amendment No. 1 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule TO (the "Schedule TO") filed with the Securities and Exchange Commission (the "SEC") on February 27, 2007, relating to our offer to amend or replace outstanding "Eligible Options" (as defined in the Offer to Amend or Replace attached to the Schedule TO as Exhibit (a)(1)) held by current employees subject to taxation in the United States so that those options will not be subject to Section 409A of the Internal Revenue Code.

Pursuant to this Amendment, Exhibits (a)(6), (a)(7), (a)(9), (a)(10), (a)(12), (a)(13) and (a)(15) to the Schedule TO are hereby amended in their entirety to read as set forth in, and to be replaced by, Exhibits (a)(6), (a)(7), (a)(9), (a)(10), (a)(12), (a)(13) and (a)(15), respectively, to this Amendment. In addition, Exhibit (a)(20) to this Amendment is hereby filed as Exhibit (a)(20) to the Schedule TO.

ITEM 12. EXHIBITS.

- (a)(1) Offer to Amend or Replace, dated February 27, 2007.**
- (a)(2) Email Announcement of Offer to Amend or Replace, dated February 27, 2007.**
- (a)(3) Frequently Asked Questions.**
- (a)(4) Screenshot of Login Page to Offer website at <https://kla.equitybenefits.com>.**
- (a)(5) Screenshot of Welcome Page to Offer website at <https://kla.equitybenefits.com>.**
- (a)(6) Screenshot of Electronic Election Form (screenshots 1-2).
- (a)(7) Screenshot of Election Amendment Review.
- (a)(8) Screenshot of Agreement to Terms of Election (screenshots 1-3).**
- (a)(9) Screenshot of Print Confirmation.
- (a)(10) Screenshot of Election Confirmation Statement.
- (a)(11) Instructions to Electronic Election Form.**
- (a)(12) Form of Stock Option Amendment and Special Bonus Agreement.
- (a)(13) Form of Acknowledgement of Receipt of Election Form.
- (a)(14) Form of Email Reminder of Expiration Date.**
- (a)(15) Paper Election Form.
- (a)(16) Form of Notice of Expiration of Offer, Amendment of Eligible Option and Commitment to Pay Cash Bonus.**
- (a)(17) Material Income Tax Consequences for Eligible Optionees Resident Outside the United States.*
- (a)(18) KLA-Tencor Corporation Annual Report on Form 10-K for the year ended June 30, 2006, filed with the SEC on January 29, 2007, is incorporated herein by reference.
- (a)(19) KLA-Tencor Corporation Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 2006, filed with the SEC on January 29, 2007, is incorporated herein by reference.
- (a)(20) Email Containing Hyperlink to Offer to Amend or Replace and Information Regarding Eligible Options, dated March 2, 2007.
- (b) Not applicable.
- (d)(1) KLA-Tencor Corporation Restated 1982 Stock Option Plan, as amended November 18, 1996, is incorporated herein by reference from Exhibit 10.74 to Form S-8, filed with the SEC on March 7, 1997.

-
- (d)(2) KLA-Tencor Corporation Restated 1982 Stock Option Plan Form of Stock Option Agreement.**
 - (d)(3) KLA-Tencor Corporation 2000 Nonstatutory Stock Option Plan is incorporated herein by reference from Exhibit 10.3 to Form S-8, filed with the SEC on September 27, 2002.
 - (d)(4) KLA-Tencor Corporation 2000 Nonstatutory Stock Option Plan Form of Stock Option Agreement.**
 - (d)(5) KLA-Tencor Corporation 2004 Equity Incentive Plan is incorporated herein by reference from Exhibit 10.1 to Form S-8, filed with the SEC on December 23, 2004.
 - (d)(6) KLA-Tencor Corporation 2004 Equity Incentive Plan Form of Stock Option Agreement.**
 - (g) Not applicable.
 - (h) Not applicable.

* To be filed by amendment.

** Previously filed.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

- (a) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Amendment No. 1 to Schedule TO is true, complete and correct.

KLA-TENCOR CORPORATION

By: /S/ JEFFREY L. HALL
Jeffrey L. Hall
Chief Financial Officer

Date: March 2, 2007

INDEX OF EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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(g)	Not applicable.
(h)	Not applicable.

* To be filed by amendment.

** Previously filed.

Screenshot of Electronic Election Form (screenshots 1-2)

KLA-TENCOR CORPORATION
ELECTION FORM
RE: TENDER OF ELIGIBLE OPTIONS PURSUANT TO THE OFFER TO AMEND
DATED FEBRUARY 27, 2007

THE OFFER EXPIRES AT 11:59 P.M., PACIFIC TIME, ON MARCH 27, 2007,
UNLESS THE OFFER IS EXTENDED.

Name : PRIYENDU BHARDWAJ Employee ID : 1092
 Address : SAN JOSE . . . SAN JOSE CA 95008 USA

Important: Read the [instructions](#) to this Election Form **before** completing and signing this page.

Indicate your decision to tender your Eligible Options identified below for amendment by checking the "Amend Entire Eligible Portion" box. If you do not want to tender one or more of your Eligible Options for amendment, check the "Amend None" box for those particular options. If you do not clearly mark the "Amend Entire Eligible Portion" box with respect to an Eligible Option, your election with respect to that option will default to "Amend None." In that event, such Eligible Option will not be amended, and you will not become entitled to the special cash bonus payable with respect to that Eligible Option. In addition, you will be solely responsible for bringing such Eligible Option into compliance with IRC Section 409A in order to avoid adverse tax consequences with respect to that option. You may not tender only a portion of an Eligible Option.

Grant Date	Option Number	Exercise Price Per Share	Total Number of Shares Subject to Outstanding Option	Number of Shares Subject to Portion Qualifying as Eligible Option	Actual Grant Date	Fair Market Value of KLA-Tencor Common Stock on Actual Grant Date	Amend Entire Eligible Portion?
April 04, 2001	035915	\$32.75	519	139	June 12, 2001	\$57.81	<input checked="" type="radio"/> Yes <input type="radio"/> No

ViewElect - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://sos-127/KLAWebSite/Screens/NewElect.aspx

Indicate your decision to tender your Eligible Options identified below for amendment by checking the "Amend Entire Eligible Portion" box. If you do not want to tender one or more of your Eligible Options for amendment, check the "Amend None" box for those particular options. If you do not clearly mark the "Amend Entire Eligible Portion" box with respect to an Eligible Option, your election with respect to that option will default to "Amend None." In that event, such Eligible Option will not be amended, and you will not become entitled to the special cash bonus payable with respect to that Eligible Option. In addition, you will be solely responsible for bringing such Eligible Option into compliance with IRC Section 409A in order to avoid adverse tax consequences with respect to that option. You may not tender only a portion of an Eligible Option.

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April 04, 2001	035915	\$32.75	519	139	June 12, 2001	\$57.81	<input checked="" type="radio"/> Yes <input type="radio"/> No
October 02, 2001	040829	\$29.31	2,250	825	October 25, 2001	\$45.25	<input checked="" type="radio"/> Yes <input type="radio"/> No
November 08, 2002	047927	\$37.05	1,000	584	November 08, 2002	\$37.43	<input checked="" type="radio"/> Yes <input type="radio"/> No
November 10, 2002	030231	\$26.25	519	96	December 05, 2002	\$32.88	<input checked="" type="radio"/> Yes <input type="radio"/> No
September 16, 2004	073284	\$39.34	6,000	6,000	September 17, 2004	\$39.89	<input checked="" type="radio"/> Yes <input type="radio"/> No
September 16, 2004	076181	\$39.34	3,000	3,000	September 17, 2004	\$39.89	<input checked="" type="radio"/> Yes <input type="radio"/> No

Please note that if an Eligible Option you tender for amendment has an exercise price per share at or above the closing selling price per share of KLA-Tencor common stock on the amendment date, that option will be canceled on that date and immediately replaced with a new option that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date, but with a new grant date. Such cancellation and re-grant is necessary in order to avoid adverse taxation of that option under IRC Section 409A.

[Return to Previous Screen](#) [Next](#)

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Screenshot of Election Amendment Review

KLA Tencor
Accelerating Yield

ADMINISTRATION EXCHANGE INFO MAKE AN ELECTION

Election Amendment Review

You have made the following elections with respect to your Eligible Options:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Shares Subject to Outstanding Option	Number of Shares Subject to Portion Qualifying as Eligible Option	Actual Grant Date	Fair Market Value of KLA-Tencor Common Stock on Actual Grant Date	Amend Entire Eligible Portion?
April 04, 2001	035915	\$32.75	519	139	June 12, 2001	\$57.81	Yes No
October 02, 2001	040829	\$29.31	2,250	825	October 25, 2001	\$45.25	Yes No
November 08, 2002	047927	\$37.05	1,000	584	November 08, 2002	\$37.43	Yes No
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September 16, 2004	076181	\$39.34	3,000	3,000	September 17, 2004	\$39.89	Yes No

Is this information correct? If yes, click Proceed To Confirmation to continue. If no, click Return To Previous Screen

[Return to Previous Screen](#) [Proceed To Confirmation](#)

Screenshot of Print Confirmation

KLA-Tencor
Accelerating Yield

ADMINISTRATION EXCHANGE INFO MAKE AN ELECTION

Print Confirmation

Your Election information has been recorded as follows:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Shares Subject to Outstanding Option	Number of Shares Subject to Portion Qualifying as Eligible Option	Actual Grant Date	Fair Market Value of KLA-Tencor Common Stock on Actual Grant Date	Amend Entire Eligible Portion?	
April 04, 2001	036915	\$32.75	519	139	June 12, 2001	\$57.81	<input type="radio"/> Yes	<input type="radio"/> No
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September 16, 2004	076181	\$39.34	3,000	3,000	September 17, 2004	\$39.89	<input type="radio"/> Yes	<input type="radio"/> No

PRINT THIS PAGE by clicking the PRINT A CONFIRMATION button below and save a copy. This will serve as the Election Confirmation Statement in the event our system does not register your election or provide you with an emailed "Election Confirmation Statement" within one business day after your submission. If you do not receive a confirmation email within one business day after your submission, please forward a copy of your printed Electronic Confirmation Statement via email to Tracy.Laboy@kla-tencor.com.

Screenshot of Election Confirmation Statement

ConfirmReportHTML - Microsoft Internet Explorer

Address: http://sos-127/KLA/Website/Screens/ConfirmReportHTML.aspx

FORM OF ACKNOWLEDGEMENT OF RECEIPT OF ELECTION FORM

KLA-Tencor Corporation has received your Election Form dated Mar 01, 2007 PST, by which you made the following elections with respect to your Eligible Options:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Shares Subject to Outstanding Option	Number of Shares Subject to Portion Qualifying as Eligible Option	Actual Grant Date	Fair Market Value of KLA-Tencor Common Stock on Actual Grant Date	Amend Entire Eligible Portion?
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September 16, 2004	073284	39.34	6,000	6,000	September 17, 2004	39.89	Y
September 16, 2004	076181	39.34	3,000	3,000	September 17, 2004	39.89	Y

If you change your mind, you may change your elections with respect to your Eligible Options by accessing the Offer website at <https://kja.equitybenefits.com> and completing a new Election Form before 11:59 p.m., Pacific Time on March 27, 2007. Any questions or requests for assistance should be directed to Tracy Laboy at (408) 875-7131 or tracy.laboy@kla-tencor.com.

Please note that our receipt of your Election Form is not by itself an acceptance of the Eligible Option. For purposes of the Offer, KLA-Tencor will be deemed to have accepted those Eligible Options properly tendered pursuant to the Offer and not otherwise withdrawn only when KLA-Tencor gives written or electronic notice to the option holders generally of its acceptance of such options. Such notice may be made by press release, email or other method of communication. KLA-Tencor's formal acceptance is expected to take place immediately following the expiration date of the Offer.

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STOCK OPTION AMENDMENT
AND
SPECIAL BONUS AGREEMENT

AGREEMENT made by KLA-Tencor Corporation (the "Company") which shall be effective on the date executed by a validly-authorized officer of the Company.

WHEREAS, the Company previously granted to _____ (the "Optionee") the options identified on attached *Schedule I* (the "Options") to purchase shares of the Company's common stock under one or more of the Company's employee stock incentive plans (individually, a "Plan").

WHEREAS, the Company and Optionee entered into a formal Stock Option Agreement (the "Option Agreement") evidencing each such Option.

WHEREAS, in order to avoid adverse tax consequences under section 409A of the Internal Revenue Code, Optionee desires to amend each of the Options to increase the exercise price per share to be in effect for the unexercised portion of that Option which is subject to section 409A and identified as such on *Schedule I* (the "Covered Portion") to the higher exercise price per share indicated for that portion of such Option on *Schedule I*.

WHEREAS, in order to compensate Optionee for the increased exercise prices to be in effect for the Covered Portions of the Options, the Company is willing to pay Optionee a special cash bonus in a dollar amount equal to the aggregate increase in the exercise prices for the Covered Portions of the Options listed on *Schedule I*, with the actual dollar of that bonus indicated as the Total Special Bonus on *Schedule I*.

NOW THEREFORE, the parties hereby agree as follows:

1. **Increased Exercise Price.** The exercise price per share set forth in the Option Agreement for each of the Options listed on *Schedule I* is hereby increased, with respect to the shares subject to the Covered Portion of that Option, to the higher exercise price per share set forth for that Option on *Schedule I*.

2. **Special Bonus.** Optionee shall become entitled to receive a cash bonus from the Company (the "Special Bonus") in the gross dollar amount indicated as his or her Total Special Bonus on attached *Schedule I*. Payment shall be made on January 2, 2008. However, the Special Bonus shall be subject to the Company's collection of all applicable federal, state and local income and employment withholding taxes, and Optionee shall be paid only the net amount of such bonus remaining after such taxes have been collected. Optionee need not remain in the Company's employ to receive the Special Bonus.

3. **Entire Agreement.** This Agreement, together with the Option Agreements (to the extent not expressly amended hereby) and the applicable Plan under which each Option is outstanding, represents the entire agreement of the parties with respect to the Options, the Covered Portions thereof and the Special Bonus and supersedes any and all previous contracts, arrangements or understandings between the parties with respect to such Options and the Special Bonus. This Agreement may be amended at any time only by means of a writing signed by Optionee and an authorized officer of the Company.

5. **Continuation of Option Agreements.** Except for the foregoing increases to the exercise prices per share for the Covered Portions of the Options, no other terms or provisions of the Option Agreements for such Options or the applicable Plans have been modified as a result of this Agreement, and those terms and provisions shall continue in full force and effect.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of KLA-Tencor Corporation by a duly-authorized officer on the date indicated below.

KLA-TENCOR CORPORATION

By: _____
TITLE: _____
DATED: _____, 2007

SCHEDULE I

AMENDED OPTION AND RETENTION BONUS

<u>Grant Date</u>	<u>Total Number of Shares Subject to Outstanding Option</u>	<u>Exercise Price Per Share Prior to Amendment</u>	<u>New Exercise Price Per Share Following Amendment</u>	<u>Number of Outstanding Option Shares Subject to Amended Exercise Price</u>	<u>Number of Outstanding Option Shares Not Subject to Amended Exercise Price</u>	<u>Special Bonus Payable on January 2, 2008</u>
		\$	\$			\$

Total Special Bonus: \$ _____

Note: This schedule will be completed by the Company and sent to you at your KLA-Tencor email address as soon as practicable following the Amendment Date.

FORM OF ACKNOWLEDGEMENT OF RECEIPT OF ELECTION FORM

KLA-Tencor Corporation has received your Election Form dated _____, 2007, by which you made the following elections with respect to your Eligible Options:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Shares Subject to Outstanding Option	Number of Shares Subject to Portion Qualifying as Eligible Option	Actual Grant Date	Fair Market Value of KLA-Tencor Common Stock on Actual Grant Date	Amend Entire Eligible Portion	Amend None
[]	[]	[\$]	[]	[]	[]	[\$]	<input type="checkbox"/>	<input type="checkbox"/>

If you change your mind, you may change your elections with respect to your Eligible Options by accessing the Offer website at <https://kla.equitybenefits.com> and completing a new Election Form before 11:59 p.m., Pacific Time on March 27, 2007. Any questions or requests for assistance should be directed to Tracy Laboy at (408) 875-7131 or tracy.laboy@kla-tencor.com.

Please note that our receipt of your Election Form is not by itself an acceptance of the Eligible Option. For purposes of the Offer, KLA-Tencor will be deemed to have accepted those Eligible Options properly tendered pursuant to the Offer and not otherwise withdrawn only when KLA-Tencor gives written or electronic notice to the option holders generally of its acceptance of such options. Such notice may be made by press release, email or other method of communication. KLA-Tencor's formal acceptance is expected to take place immediately following the expiration date of the Offer.

**KLA-TENCOR CORPORATION
ELECTION FORM
RE: TENDER OF ELIGIBLE OPTIONS PURSUANT TO THE OFFER TO AMEND OR REPLACE DATED FEBRUARY 27, 2007
THE OFFER EXPIRES AT 11:59 P.M., PACIFIC TIME, ON MARCH 27, 2007,
UNLESS THE OFFER IS EXTENDED.**

Name
Address

Employee ID:

Important: Read the instructions to this Election Form **before** completing and signing this page.

Indicate your decision to tender your Eligible Options identified below for amendment by checking the "Amend Entire Eligible Portion" box. If you do not want to tender one or more of your Eligible Options for amendment, check the "Amend None" box for those particular options. If you do not clearly mark the "Amend Entire Eligible Portion" box with respect to an Eligible Option, your election with respect to that option will default to "Amend None." In that event, such Eligible Option will not be amended, and you will not become entitled to the special cash bonus payable with respect to that Eligible Option. In addition, you will be solely responsible for bringing such Eligible Option into compliance with IRC Section 409A in order to avoid adverse tax consequences with respect to that option. You may not tender only a portion of an Eligible Option.

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[]	[]	[\$]	[]	[]	[]	[\$]	<input type="checkbox"/>	<input type="checkbox"/>

Please note that if an Eligible Option you tender for amendment has an exercise price per share at or above the closing selling price per share of KLA-Tencor common stock on the amendment date, that option will be canceled on that date and immediately replaced with a new option that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date, but with a new grant date. Such cancellation and re-grant is necessary in order to avoid adverse taxation of that option under IRC Section 409A.

Agreement to Terms of Election

1. As soon as practicable after the Amendment Date, KLA-Tencor shall return to me a final and completed Stock Option Amendment and Special Bonus Agreement in which there is indicated the Adjusted Exercise Price for each Amended Option and the dollar amount of the Cash Bonus to which I will be entitled with respect to that option. Should an Eligible Option I tender for amendment have an exercise price per share at or above the closing selling price per share of KLA-Tencor common stock on the Amendment Date, that option will be canceled on that date and immediately replaced with a New Option that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date, but with a new grant date. A stock option agreement for the New Option will be delivered to me as soon as administratively practicable following the Amendment Date.

2. If I cease to remain employed by KLA-Tencor or any affiliated entity after I tender my Eligible Options but before KLA-Tencor accepts those options for amendment, my Eligible Options will not be amended or replaced, and I will not become entitled to any Cash Bonus.

3. Until the Expiration Date, I will have the right to change my election with respect to my Eligible Options. However, after that date I will have no further right to change my election with respect to my Eligible Options, unless KLA-Tencor does not accept my tendered Eligible Options before April 24, 2007, the 40th business day after commencement of the Offer. I may then revoke my elections with respect to my tendered Eligible Options at any time prior to KLA-Tencor's acceptance of those options for amendment or replacement pursuant to the Offer.

4. The tender of my Eligible Options pursuant to the procedure described in Section 4 of the Offer and the instructions to this Election Form will constitute my acceptance of all of the terms and conditions of the Offer. KLA-Tencor's acceptance of my tendered Eligible Options for amendment or replacement pursuant to the Offer will constitute a binding agreement between KLA-Tencor and me upon the terms and subject to the conditions of the Offer.

5. I am the registered holder of the Eligible Options tendered hereby, and my name, employee identification number and other information appearing on the cover page of this Election Form are true and correct.

6. I am not required to tender my Eligible Options pursuant to the Offer. However, if I do not tender such options or if those options are not otherwise amended or replaced pursuant to the Offer, then I must take other action on my own with respect to those options in order to bring those options into compliance with Section 409A of the Internal Revenue Code and thereby avoid adverse tax consequences.

7. KLA-Tencor cannot give me legal, tax or investment advice with respect to the Offer and has advised me to consult with my own legal, tax and investment advisor as to the consequences of participating or not participating in the Offer.

8. Under certain circumstances set forth in the Offer document, KLA-Tencor may terminate or amend the Offer and postpone its acceptance and amendment or replacement of the tendered Eligible Options. In the event the Eligible Options tendered herewith are not accepted for amendment or replacement, those options will be returned to me promptly following the expiration or termination of the Offer.

9. I understand that neither KLA-Tencor nor KLA-Tencor's Board of Directors is making any recommendation as to whether I should tender or refrain from tendering my Eligible Options for amendment or replacement, and that I must make my own decision whether to tender my Eligible Options, taking into account my own personal circumstances and preferences. I understand that the Amended Options resulting from the amendment of my tendered Eligible Options may decline in value and may be "out of the money" when I decide to exercise those options. I further understand that past and current market prices of KLA-Tencor common stock may provide little or no basis for predicting what the market price of KLA-Tencor common stock will be when KLA-Tencor amends my tendered option or at any other time in the future.

10. I hereby acknowledge that I have read the documents related to the Offer listed below:

Offer to Amend or Replace

Instructions to this Election Form

Stock Option Amendment and Special Bonus Agreement

11. I hereby elect to participate in the Offer with respect to my Eligible Options as previously identified, and I hereby tender such Eligible Options for amendment or replacement in accordance with the Offer to Amend or Replace. I agree that the options identified are the Eligible Options I hold. I agree and understand that each of the Eligible Options which I have elected to amend or replace in the Offer will be amended or replaced by KLA-Tencor unless I submit a new, properly completed Election Form prior to the expiration of the Offer.

12. I understand that I must fully complete, sign and deliver this Election Form and return it to KLA-Tencor via facsimile to Tracy Laboy at (408) 875-6677 prior to the expiration of the Offer.

13. I further understand that I will receive an Election Confirmation Statement via email at my KLA-Tencor email address listed below within one business day after the submission of my Election Form on the Offer website. If I have not received an Election Confirmation Statement in the timeframe prescribed, I agree that it is my responsibility to confirm that KLA-Tencor has received my complete submission by emailing a copy of the Confirmation Statement that I will have printed from this Offer website at the time I submit my Election Form online.

14. I acknowledge that the Offer and the other documents and communications regarding the Offer are being delivered to me electronically. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to a KLA-Tencor intranet, the delivery of a document via email or such other means of delivery specified by KLA-Tencor. By executing this Election Form, I acknowledge that I have read this provision and consent to the electronic delivery of the documents. I acknowledge that I may receive from KLA-Tencor a paper copy of any documents delivered electronically at no cost to me by contacting KLA-Tencor by telephone or in writing using the contact information on the *Instructions* to this Election Form. I further acknowledge that I will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, I understand that I must provide KLA-Tencor with a paper copy of any documents if my attempted delivery of such documents electronically fails.

Email address:

Employee ID number:

Signature

Date

**INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER**

1. *Delivery of Election Form.* A properly completed and duly executed Election Form must be received by KLA-Tencor by 11:59 p.m. Pacific Time on the Expiration Date.

KLA-Tencor intends to disseminate an Election Confirmation Statement via email to your KLA-Tencor email address within one business day after your submission of your Election Form on the Offer website at <https://kla.equitybenefits.com>. If you have not received an Election Confirmation Statement in the timeframe prescribed, KLA-Tencor recommends you email a copy of your Election Confirmation Statement to Tracy Laboy at tracy.laboy@kla-tencor.com prior to the expiration of the Offer.

You may change your election with respect to your Eligible Options at any time up to 11:59 p.m. Pacific Time on the Expiration Date. If the Offer is extended by KLA-Tencor beyond that time, you may change your election with respect to your tendered Eligible Options at any time until the extended expiration of the Offer. In addition, if KLA-Tencor does not accept your tendered option by 11:59 p.m. Pacific Time on April 24, 2007, you may revoke your election with respect to your tendered options at any time thereafter until those options are accepted for amendment or replacement. To validly change or revoke your election, you must access the Offer website at <https://kla.equitybenefits.com> and complete and deliver a new Election Form to KLA-Tencor prior to the expiration of the Offer. You should print a copy of your revised Election Form and updated Election Confirmation Statement and keep those documents with your other records for the Offer. You may change your previously submitted elections as many times as you would like prior to the expiration of the Offer.

KLA-Tencor will not accept any alternative, conditional or contingent tenders. All persons tendering Eligible Options will, by completing and executing the Election Form, waive any right to receive any notice of the acceptance of their tender, except as provided for in the Offer.

2. *Tenders.* **If you intend to tender your Eligible Options for amendment or replacement pursuant to the Offer, you must access your account at the Offer website <https://kla.equitybenefits.com>, properly complete and duly execute the Election Form. If you decide to tender a particular Eligible Option, you must tender all of that option for amendment or replacement. If you hold more than one Eligible Option, you may elect to tender one or more of those options and retain the balance.**

3. *Signatures on This Election Form.* You must sign this Election Form.

4. *Requests for Assistance or Additional Copies.* Any questions or requests for assistance, as well as requests for paper copies of the Offer document, this Election Form or the Stock Option Amendment and Special Bonus Agreement, may be directed to Tracy Laboy at (408) 875-7131 or tracy.laboy@kla-tencor.com. Copies will be furnished promptly at KLA-Tencor's expense.

5. *Irregularities.* **KLA-Tencor will determine, in its discretion, all questions as to the form of documents and the validity, form, eligibility (including time of receipt), and acceptance of any tendered option. KLA-Tencor will also decide, in its discretion, all questions as to (i) the portion of each retroactively priced option which comprises an Eligible Option for purposes of the Offer; (ii) the number of shares of common stock purchasable under each Amended Option at the Adjusted Exercise Price, (iii) the Adjusted Exercise Price to be in effect under each Amended Option, (iv) the amount of the Cash Bonus payable with respect to each Amended Option with an Adjusted Exercise Price in excess of the exercise price per share in effect for that option immediately prior to the amendment and (v) the cancellation of tendered Eligible Options with exercise prices above the fair market value of KLA-Tencor common stock on the Amendment Date and the replacement of those canceled options with New Options. KLA-Tencor's determination of such matters will be final and binding on all parties. KLA-Tencor reserves the right to reject any or all tenders which it determines do not comply with the conditions of the Offer, are not in proper form or the acceptance of which would be unlawful. KLA-Tencor also reserves the right to waive any of the conditions of the Offer or any defect or irregularity in the tender with respect to any particular Eligible Option or any particular Eligible Optionee, and KLA-Tencor's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of an Eligible Option will be deemed to be properly made until all defects and irregularities have been cured by the tendering Eligible Optionee or waived by KLA-Tencor. Unless waived, any defects or irregularities in connection with the tender of an Eligible Option must be cured within such time as KLA-Tencor shall determine. Neither KLA-Tencor nor any other person is or will be**

obligated to give notice of any defects or irregularities with respect to the tendered options, and no person will incur any liability for failure to give any such notice. If the table on the cover page of this Election Form includes options that are not eligible for the Offer, KLA-Tencor will not accept those options for amendment or replacement, but KLA-Tencor does intend to accept for amendment or replacement any properly tendered Eligible Option set forth in that table.

6. *Important Tax Information.* You should refer to Section 15 of the Offer, which contains important U.S. federal tax information concerning the Offer. All Eligible Optionees with Eligible Options are strongly encouraged to consult with their own tax advisors as to the consequences of their participation in the Offer.

7. *Copies.* You should print a copy of this Election Form, after you have completed and signed it, and retain it for your records.

IMPORTANT: THE COMPLETED AND SIGNED ELECTION FORM MUST BE RECEIVED BY KLA-TENCOR BY 11:59 P.M. PACIFIC TIME ON THE EXPIRATION DATE.

March 2, 2007

Further to the correspondence you received from us on Tuesday regarding the commencement of KLA-Tencor's tender offer, please click on the following hyperlink [http://ktweb.kla-tencor.com/treasury/Stock%20Documents/ex%20\(a\)\(1\).pdf](http://ktweb.kla-tencor.com/treasury/Stock%20Documents/ex%20(a)(1).pdf) to obtain a copy of the Offer to Amend or Replace. We urge you to read the Offer to Amend or Replace very carefully. If you would like a printed copy of the Offer to Amend or Replace, please contact Tracy Laboy at (408) 875-7131 or tracy.laboy@kla-tencor.com.

Your individualized election form will contain a summary of each of your options which are eligible for amendment or replacement pursuant to the offer, including each option's indicated grant date, its actual grant date, the fair market value of our common stock on that date and the number of shares of common stock subject to each eligible option. You may access your individualized election form by logging onto the tender offer website at <https://kla.equitybenefits.com>. Please log in to the tender offer website using your employee ID and the last four digits of your Social Security Number for entry into the site. If the site does not recognize you, please send an email to 401k.stock@kla-tencor.com with your name and employee ID number.

If you have already tendered your options for amendment or replacement, you should review the new information on your election form to make sure that you still want to keep your election in effect.

If you have any questions, please contact Tracy Laboy at (408) 875-7131 or tracy.laboy@kla-tencor.com.