

**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): February 20, 2008

KLA-TENCOR CORPORATION

(Exact name of registrant specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-09992
(Commission File Number)

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

One Technology Drive, Milpitas, California
(Address of principal executive offices)

95035
(Zip Code)

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

(Former name and former address, if changed since last report)

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))

Item 1.01 Entry into a Material Definitive Agreement.

On February 20, 2008, KLA-Tencor Corporation (“**KLA-Tencor**”) entered into an Agreement Relating to a Friendly Take-Over Bid to be Brought for ICOS Vision Systems Corporation (the “**Agreement**”) with ICOS Vision Systems Corporation NV (“**ICOS**”), in which KLA-Tencor agreed to launch a friendly voluntary takeover bid for all of the outstanding securities of ICOS. In the bid, which KLA-Tencor will conduct through a wholly-owned subsidiary, KLA-Tencor is offering to purchase all of the outstanding shares of ICOS capital stock for €36.50 per share. In addition, as part of the bid, KLA-Tencor will offer to purchase at the bid price, under certain circumstances, the ICOS shares underlying all outstanding 2002 employee stock options and 2007 employee warrants. The net transaction value (excluding treasury shares and net of cash) is €316.9 million (approximately \$465.8 million).

The transaction is expected to close in the second calendar quarter of 2008. The Agreement provides that the closing is subject to the following conditions:

- (a) the acceptance of the bid by holders of at least 85% of ICOS’s outstanding shares;
- (b) ICOS not having distributed any new dividend to its shareholders prior to completion of the bid;
- (c) the expiration or termination of any applicable antitrust, competition or merger control waiting period imposed by a governmental authority, including, without limitation, Germany, Taiwan, China and Japan; and
- (d) the absence of any Material Adverse Change with respect to ICOS, which the Agreement defines to mean any change or effect (subject to certain specified exceptions) that results in, or is reasonably likely to result in, a loss (including loss of value) or liability of ICOS and its subsidiaries, taken as a whole, equal to at least €30 million.

ICOS agreed that, except for matters contemplated by the Agreement or as otherwise consented to by KLA-Tencor, from the date of the Agreement until the earlier of the termination or expiration of the bid, ICOS shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course consistent with past practice and in material compliance with all applicable laws and use reasonable efforts to (i) preserve intact its present business organization and relationships with third parties, (ii) maintain in effect all of its foreign, federal, state and local licenses, permits, consents, franchises, approvals and authorizations, (iii) keep available the services of its directors, officers and key employees and (iv) maintain satisfactory relationships with its customers, lenders, suppliers and others having material business relationships with it. In addition, during the period in which the bid remains open, (1) ICOS has agreed not to solicit any competing transactions involving a sale of its business or a substantial portion of its assets and (2) KLA-Tencor has agreed not to solicit or pursue any acquisition-related discussions with a specified list of competitors of ICOS and not to solicit any employees of ICOS.

KLA-Tencor has indicated to ICOS that it intends to implement certain post-closing retention arrangements with respect to ICOS’s senior management and key personnel.

As part of the Agreement, the board of directors of ICOS confirmed that it will issue a favorable opinion on the bid (subject to the filing by KLA-Tencor with the Belgian “Commissie voor het Bank-, Financie- en Assurantiewezen/Commission bancaire, financière et des assurances” of a final prospectus compliant with all applicable requirements), and the members of the ICOS board of directors who are also shareholders of ICOS confirmed that they would tender in the bid all shares held by them.

A copy of the Agreement is attached hereto as Exhibit 2.1 and is incorporated herein by reference. A copy of the press release issued by KLA-Tencor on February 21, 2008 concerning the transaction is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
2.1	Agreement Relating to a Friendly Take-Over Bid to be Brought for ICOS Vision Systems Corporation, entered into between KLA-Tencor Corporation and ICOS Vision Systems Corporation NV, dated February 20, 2008
99.1	Text of news release issued by KLA-Tencor Corporation dated February 21, 2008

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KLA-TENCOR CORPORATION

Date: February 21, 2008

By: /s/ JEFFREY L. HALL
Name: Jeffrey L. Hall
Title: Chief Financial Officer

EXHIBIT INDEX

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**AGREEMENT RELATING TO A FRIENDLY TAKE-OVER BID
TO BE BROUGHT FOR ICOS VISION SYSTEMS CORPORATION**

Dated: February 20, 2008

Between:

KLA-Tencor Corporation, a Delaware corporation, with its principal executive offices at 1 Technology Drive, Milpitas, California, 95035 USA (“K-T”),

and

ICOS Vision Systems Corporation NV, incorporated under Belgian law, with registered office at Esperantolaan 8, B-3001 Heverlee, Belgium, registration number BE 0438.068.826 (“ICOS”)

Whereas:

- ICOS is a publicly traded company, the shares of which are listed on Euronext.
- K-T intends to launch a take-over bid for all ICOS securities and has agreed to the terms thereof with ICOS.
- The ICOS Board considers an offer at the terms reflected in this agreement as friendly.

It has been agreed as follows:

1. K-T (or a wholly-owned subsidiary approved by the Belgian Commission for Banking, Finance and Insurance – the “CBFA”) commits to ICOS as follows:
 - a. To launch a friendly voluntary take over bid for all ICOS outstanding securities at the following terms:
 - i. Offer price for all outstanding shares: €36.50 per ICOS share, paid in cash;
 - ii. Offer price for all ICOS warrants/options not yet exercised or exercisable at announcement of offer: a fair price in € that is at least equal to the difference between the aforementioned offer price for shares and the value of such warrants/options on the date of filing of the take-over bid notice to the CBFA;
 - b. For the 2007 Options that are not yet exercisable at time of offer, to re-open for each of such options, after the completion of the take-over bid, the bid (at the aforementioned per-share offer price) during the first exercise period following 1 January 2011 (subject, as the case may be, to an accelerated exercise of those Options for those who would wish to exercise their Options during the acceptance period of the take-over bid).
 - c. To notify the take-over bid to the CBFA within one business day of the execution of this agreement.

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- d. To launch an all cash offer that remains open for acceptance during at least four weeks, and to re-open the offer if necessary to cross the squeeze-out threshold that applies under Belgian law.
2. The commitments set forth in Section 1 (and more in particular the obligation of K-T to proceed with and complete the take-over bid) are subject only to the conditions that (a) solely with respect to K-T's obligation to launch the bid, the representations and warranties set forth below in this Section 2 shall be true and accurate in all respects as of the date of this Agreement, (b) K-T's take-over bid is accepted by holders that together represent at least 85% of the number of outstanding ICOS shares at the time of the offer, (c) since the dividend declared by the ordinary general meeting of shareholder of 8 May 2007 having approved the 2006 annual accounts, and except for the implementation of ICOS' employee profit sharing plan and stock repurchase plan, ICOS has not distributed or will not distribute, prior to completion of the Bid, any dividend to its shareholders, (d) any waiting period under any applicable federal, state or local law, constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a governmental authority regulating antitrust, competition or merger control matters in one or more jurisdictions that is required in connection with the Bid and the completion of the purchase of Securities contemplated hereby (including without limitation Germany, Taiwan, China and Japan) shall have expired or have been terminated and (e) no Material Adverse Change occurs, where "**Material Adverse Change**" means, with respect to ICOS, any change or effect that results, or is reasonably likely to result, in a loss (including loss of value) or liability of ICOS and its Subsidiaries, taken as a whole, equal to at least €30 million, *provided, however*, that none of the following shall be deemed by itself or by themselves, either alone or in combination, to constitute a Material Adverse Effect on ICOS: (i) any change in the market price or trading volume of ICOS; (ii) any adverse effect resulting from or arising out of the announcement, pendency or anticipated consummation of the Bid; or (iii) any change arising out of conditions affecting ICOS's economy or industry in general which does not affect ICOS in a materially disproportionate manner relative to other participants in the economy or such industry, respectively.

In furtherance of assuring no Material Adverse Change to the business/financial condition of ICOS, ICOS agrees that, except for matters contemplated by this Agreement or as otherwise consented to by K-T, from the date of this Agreement until the earlier of the termination or expiration of the offer, ICOS shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course consistent with past practice and in material compliance with all applicable laws and use reasonable efforts to (i) preserve intact its present business organization and relationships with third parties, (ii) maintain in effect all of its foreign, federal, state and local licenses, permits, consents, franchises, approvals and authorizations, (iii) keep available the services of its directors, officers and key employees and (iv) maintain satisfactory relationships with its customers, lenders, suppliers and others having material business relationships with it.

3. In consideration of the K-T commitments listed herein, the ICOS Board confirms that it will issue a favourable opinion (in which the bid is qualified as friendly) on the bid as summarized herein and set forth fully in a prospectus that complies with Belgian law, provided that i) this commitment is subject to the filing by K-T with the CBFA of a final

prospectus compliant with all applicable requirements and substantially similar to the attached prospectus and ii) notwithstanding this section 3, the ICOS Board shall not be required to issue a favourable opinion on the bid summarized herein in the event that the ICOS Board receives a non-solicited offer to purchase ICOS that is materially superior to the K-T offer.

4. The members of the Board of ICOS who hold ICOS shares are also co-signing this agreement to confirm that they will tender in the bid summarized herein the ICOS shares held by them, provided that i) this commitment is subject to the filing by K-T with the CBFA of a final prospectus compliant with all applicable requirements and substantially similar to the attached prospectus and ii) notwithstanding this section 4, the ICOS Board members shall not be required to tender their ICOS shares in the bid summarized herein in the event that the ICOS Board receives a non-solicited offer to purchase ICOS that is materially superior to the K-T offer.
5. K-T commits to implement the post-closing retention arrangements that are to be accepted by senior ICOS management as set forth in the attached prospectus, subject to review and revisions.
6. K-T commits to implement the "ICOS integration plan" as described in the attached prospectus, subject to review and revisions.
7. K-T commits to distribute a final prospectus that complies with all applicable legal requirements (approved by the CBFA).
8. The Mutual Non-disclosure Agreement as concluded between K-T and ICOS on September 5, 2007 (the "NDA") shall survive the conclusion of this agreement. K-T and ICOS understand and agree that this agreement will be disclosed by the CBFA (as to the terms of the offer) and (as to the terms hereof that are relevant for the public to assess the bid) in the prospectus that is to be submitted by K-T to the CBFA.
9. While the tender offer is open, K-T and ICOS hereby grant each other, exclusivity as follows:
 - a. ICOS shall not solicit any competing transactions involving a sale of the ICOS business or a substantial portion of its assets, and
 - b. K-T shall not solicit or pursue any acquisition-related discussions with the following enterprises: Rudolph, Camtek, RVSI, and ASTI Holdings. In addition and until the completion or termination of the offer, K-T shall not solicit any employees of the ICOS group (or, in case of withdrawal or non-completion of the offer, the non-solicitation provisions set forth in Section 11 of the NDA shall remain in effect, in accordance with Section 8 of this agreement).
10. K-T and ICOS agree to communicate about this agreement in accordance with the terms set out in the attached prospectus, subject to review and revisions.

By signing below, each party acknowledges receipt of an original copy hereof.

For and on behalf of KLA-Tencor Corporation

Name: Richard P. Wallace
Function: Chief Executive Officer
Signature: /s/ RICHARD P. WALLACE

Name: Jeffrey L. Hall
Function: Chief Financial Officer
Signature: /s/ JEFFREY L. HALL

For and on behalf of ICOS Vision Systems Corporation NV

Name: Anton De Proft
Function: Chief Executive Officer
Signature: /s/ ANTON DE PROFT

Name: August Smeyers
Function: Vice President, R&D
Signature: /s/ AUGUST SMEYERS

Co-signatures of ICOS Board members that hold shares:

Anton De Proft
/s/ ANTON DE PROFT

Jos Verjans
/s/ JOS VERJANS

Fred Chaffart
/s/ FRED CHAFFART

André Oosterlinck
/s/ ANDRÉ OOSTERLINCK

August Smeyers
/s/ AUGUST SMEYERS

KLA-Tencor Announces Intent to Acquire Belgium's ICOS Vision Systems

(Announcement made in accordance with article 8 of the Belgian royal decree of April 27, 2007 on takeover bids)

*KLA-Tencor's Global Market Presence to Help Accelerate
ICOS's Growth and Expand KLA-Tencor in Solar and Other Emerging Markets*

SAN JOSE, California, and LEUVEN, Belgium — February 21, 2008 — KLA-Tencor Corporation (NASDAQ: KLAC) and ICOS Vision Systems Corporation NV (Euronext: IVIS) today jointly announced an agreement under which KLA-Tencor will make a friendly tender offer to acquire ICOS in a cash transaction valued at €36.50 per share. KLA-Tencor is the leading supplier of inspection and metrology systems to the global semiconductor industry; ICOS is a leading supplier of packaging and interconnect inspection solutions for the semiconductor industry, and has a market leadership position in the inspection of photovoltaic solar technologies and LED lighting products.

The transaction is expected to close in the second calendar quarter of 2008 and is subject to the following closing conditions: (a) the acceptance of the offer by holders of at least 85% of ICOS's outstanding shares, (b) ICOS not having distributed any new dividend to its shareholders prior to completion of the bid, (c) the bid must not be subject to review by any governmental authority regulating antitrust, competition or merger control matters in any jurisdiction beyond the initial phase of review for the applicable jurisdiction, and (d) the absence of any material adverse change with respect to ICOS. The board of directors of ICOS has confirmed that it will issue a favorable opinion on the bid (subject to the filing by KLA-Tencor with the Belgian "Commissie voor het Bank-, Financie- en Assurantiewezen/Commission bancaire, financière et des assurances" of a final prospectus compliant with all applicable requirements) and that any board members holding ICOS shares will tender their shares in the offer.

The net transaction value (excluding treasury shares and net of cash) is €316.9 million (approximately \$465.8 million). The transaction value represents a 35% premium to the average closing price of ICOS's shares over the preceding 90-days. In addition, as part of the bid, KLA-Tencor will offer to purchase at the bid price, under certain circumstances, the ICOS shares underlying all outstanding 2002 employee stock options and 2007 employee warrants. KLA-Tencor expects for the transaction to be accretive to earnings per share in the first year.

"ICOS has exceptional synergy with KLA-Tencor in both markets and technologies, and would provide us with additional opportunities for both growth and diversification," said Rick Wallace, CEO of KLA-Tencor. "Our two companies serve adjacent markets and offer complementary technologies, making this a good fit for both parties, and we believe that ICOS's growth potential will be even greater as part of KLA-Tencor. This acquisition would give KLA-Tencor a significant presence in semiconductor packaging inspection, as well as in fast-growing markets like solar and LED lighting, setting the stage for ongoing growth outside KLA-Tencor's primary market in semiconductor fab operations."

ICOS's primary business is the design and manufacture of inspection equipment for semiconductor packaging and interconnect applications. ICOS's systems also perform inspection of solar wafers and solar cells at different stages of production enabling solar manufacturers to effectively monitor the production process. The inspection modules allow fast, efficient and reliable optical classification of solar cells at the different stages of the production flow.

Anton De Proft, ICOS's president and chief executive officer, said, "I believe that combining the strengths of KLA-Tencor and ICOS would significantly increase our growth potential and provide remarkable resources for advanced technical development of our existing products and technologies. Both companies have highly complementary market positions, with no overlap in product lines."

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, California, the Company has sales and service offices around the world. An S&P 500 company, KLA-Tencor is traded on the NASDAQ Global Select Market under the symbol KLAC. Additional information about the Company is available at <http://www.kla-tencor.com>.

About ICOS: ICOS designs and manufactures inspection equipment for semiconductor packaging and interconnect applications. It is a world-leading supplier of equipment for the visual inspection of IC's, before they are used in various applications such as PC's, portable phones or cars. ICOS's systems perform two- and three-dimensional (2D and 3D) inspection of IC's, wafers, solar cells, substrates, sockets, etc. ICOS offers stand-alone inspection systems, as well as inspection modules for integration. ICOS is headquartered in Leuven, Belgium and has R&D centers in Belgium, Germany and Hong Kong, sales and support offices in Japan, the USA, Singapore, Hong Kong, Korea and Taiwan and production facilities in Belgium, Hong Kong and China. Additional information on the Company is available at <http://www.icos.be>.

Forward Looking Statements: Statements in this press release other than historical facts, such as statements regarding the anticipated timing of the closing of the transaction, the anticipated impact of the transaction on KLA-Tencor's financial statements, and the potential benefits that may result from the transaction, are forward-looking statements, and are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current information and expectations, and involve a number of risks and uncertainties. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to those associated with demand for the companies' respective product lines; the results of product development efforts; the success of product offerings to meet customer needs within the timeframes required by customers in these markets; disruption from the proposed acquisition making it more difficult to maintain relationships with customers, vendors and employees; the failure to obtain and retain expected synergies from the proposed acquisition; the failure of ICOS shareholders to tender a sufficient number of shares to satisfy the minimum acceptance closing condition; delays in obtaining, or adverse conditions contained in, any required regulatory approvals; failure to consummate or delay in consummating the proposed acquisition for other reasons, changes in laws or regulations; and other similar factors. For other factors that may cause actual results to differ materially from those projected and anticipated in forward-looking statements in this release, please refer to the Company's Annual Report on Form 10-K for the year ended June 30, 2007, subsequently filed Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein).

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