

KLA TENCOR CORP  
Form 4  
August 08, 2011

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**WALLACE RICHARD P**

(Last) (First) (Middle)

**C/O KLA-TENCOR CORPORATION, ONE TECHNOLOGY DRIVE**

(Street)

**MILPITAS, CA 95035**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**KLA TENCOR CORP [KLAC]**

3. Date of Earliest Transaction (Month/Day/Year)  
**08/04/2011**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**President and CEO**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	Amount	(A) or (D)	Price
Common Stock - Restricted Stock Units <sup>(1)</sup>	08/04/2011		A		54,100 <sup>(2)</sup>	A		\$ 0
Common Stock	08/06/2011		A		28,750	A		<sup>(4)</sup> 92,156 <sup>(5)</sup>
Common Stock	08/06/2011		F		13,421 <sup>(6)</sup>	D		\$ 36.2 78,735
Common Stock	08/06/2011		A		28,750	A		<sup>(7)</sup> 107,485

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Stock

Common Stock	08/06/2011	F	<u>13,421</u> (8)	D	\$ 36.2	94,064	D
Common Stock	08/06/2011	A	37,000	A	<u>(9)</u>	131,064	D
Common Stock	08/06/2011	F	<u>17,272</u> (10)	D	\$ 36.2	113,792	D
Common Stock	08/08/2011	A	26,145	A	<u>(11)</u>	139,937	D
Common Stock	08/08/2011	F	<u>12,205</u> (12)	D	\$ 34.23	127,732	D
Common Stock - Restricted Stock Units						213,900	<u>(13)</u> D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address

Relationships

Director	10% Owner	Officer	Other
X		President and CEO	

WALLACE RICHARD P  
C/O KLA-TENCOR CORPORATION  
ONE TECHNOLOGY DRIVE  
MILPITAS, CA 95035

## Signatures

Brian M. Martin as Attorney-in-Fact for Richard  
Wallace

08/08/2011

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each restricted stock unit ("RSU") represents a contingent right to receive one share of KLA-Tencor common stock.  
Represents a grant of RSUs subject only to service-vesting requirements. Mr. Wallace will vest in fifty percent (50%) of the RSUs upon his completion of two years of service with KLA-Tencor measured from the grant date (August 4, 2011) and will vest in the remaining fifty percent (50%) upon his completion of an additional two years of service thereafter. The shares of common stock will be issued as the RSUs vest.
- (2) Does not include performance-based RSUs, if any, held by Mr. Wallace for which an assessment has not yet been made regarding the achievement of the applicable performance goals. Any such holdings will be reported on a Form 4 within two business days of the date such assessment is made.
- (3) On August 6, 2009, Mr. Wallace received a grant of RSUs covering 57,500 shares of KLA-Tencor common stock. On August 6, 2011, Mr. Wallace vested in fifty percent (50%) of such RSUs.
- (4) Includes 645 shares acquired by Mr. Wallace under the KLA-Tencor Employee Stock Purchase Plan on June 30, 2011.  
Pursuant to the terms of the August 6, 2009 RSU grant, 13,421 shares of KLA-Tencor common stock were automatically withheld at vesting to cover required tax withholding. Because the vesting date of such RSUs occurred on a day on which the NASDAQ Stock Market was closed for trading, the fair market value of KLA-Tencor common stock used for purposes of calculating the number of shares to be withheld was the closing price of KLA-Tencor common stock as reported on the last completed trading day immediately prior to such vesting date.
- (5) On August 6, 2009, Mr. Wallace received a grant of performance-based RSUs that, following the completion of fiscal year 2010, were determined by the independent members of KLA-Tencor's Board of Directors (in August 2010) to cover, based on KLA-Tencor's financial performance during fiscal year 2010, 57,500 shares of KLA-Tencor common stock. On August 6, 2011, Mr. Wallace vested in fifty percent (50%) of such performance-based RSUs.  
Pursuant to the terms of the August 6, 2009 performance-based RSU grant, 13,421 shares of KLA-Tencor common stock were automatically withheld at vesting to cover required tax withholding. Because the vesting date of such RSUs occurred on a day on which the NASDAQ Stock Market was closed for trading, the fair market value of KLA-Tencor common stock used for purposes of calculating the number of shares to be withheld was the closing price of KLA-Tencor common stock as reported on the last completed trading day immediately prior to such vesting date.
- (6) On August 6, 2009, Mr. Wallace received a supplemental grant of RSUs covering 74,000 shares of KLA-Tencor common stock. On August 6, 2011, Mr. Wallace vested in fifty percent (50%) of such RSUs.  
Pursuant to the terms of the August 6, 2009 supplemental RSU grant, 17,272 shares of KLA-Tencor common stock were automatically withheld at vesting to cover required tax withholding. Because the vesting date of such RSUs occurred on a day on which the NASDAQ Stock Market was closed for trading, the fair market value of KLA-Tencor common stock used for purposes of calculating the number of shares to be withheld was the closing price of KLA-Tencor common stock as reported on the last completed trading day immediately prior to such vesting date.
- (7) On August 8, 2007, Mr. Wallace received a grant of performance-based RSUs that, following completion of fiscal year 2008, were determined by the independent members of KLA-Tencor's Board of Directors (in August 2008) to cover, based on KLA-Tencor's financial performance during fiscal year 2008, 52,291 shares of KLA-Tencor common stock. On August 8, 2011, Mr. Wallace vested in the final fifty percent (50%) of such RSUs.
- (8) Pursuant to the terms of the August 8, 2007 performance-based RSU grant, 12,205 shares of KLA-Tencor common stock were automatically withheld at vesting to cover required tax withholding. The fair market value of KLA-Tencor common stock used for

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purposes of calculating the number of shares to be withheld was the closing price of KLA-Tencor common stock as reported on the NASDAQ Stock Market on such vesting date.

Reflects the vesting of RSUs on August 6, 2011 and August 8, 2011, as described above. Does not include performance-based RSUs, if (13) any, held by Mr. Wallace for which an assessment has not yet been made regarding the achievement of the applicable performance goals. Any such holdings will be reported on a Form 4 within two business days of the date such assessment is made.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.