

KLA TENCOR CORP  
Form 4  
August 06, 2010

**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)  
**08/05/2010**

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 Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock - Restricted Stock Units <u>(1)</u>	08/05/2010		A	57,500 <u>(2)</u>	A	\$ 0	308,895 <u>(4)</u> D
Common Stock - Restricted Stock Units <u>(1)</u>	08/05/2010		A	52,800 <u>(3)</u>	A	\$ 0	361,695 <u>(4)</u> D
							102,430 <u>(5)</u> D

Common  
Stock

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

## Signatures

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

08/06/2010

\_\_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.

(2) On August 6, 2009, in addition to the RSUs granted on that date that were subject only to service-vesting requirements (which RSUs have been previously reported on Form 4), Mr. Wallace was also granted RSUs covering up to 57,500 shares of KLA-Tencor common stock, subject to both performance-vesting and service-vesting requirements. Following the completion of KLA-Tencor's audited financial

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statements for the 2010 fiscal year, KLA-Tencor's Board of Directors determined on August 5, 2010 the level at which the corporate performance goals were attained and, based on the assessment, determined that the number of shares subject to the RSUs is 57,500. 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 6, 2009) 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.

- (3) 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 5, 2010) 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.
- (4) Does not include performance-based RSUs, if any, held by the Reporting Person for which an assessment has not yet been made regarding the achievement of the applicable performance goals. Any such holdings will be reported on Form 4 within two business days of the date such assessment is made.
- (5) Includes 677 shares acquired under the KLA-Tencor Employee Stock Purchase Plan on June 30, 2010.

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.