

KLA TENCOR CORP
Form 4
August 10, 2007

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, 160 RIO ROBLES

(Street)

SAN JOSE, CA 95134

(City) (State) (Zip)

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

3. Date of Earliest Transaction
(Month/Day/Year)
08/08/2007

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)
Chief Executive Officer

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) |
|--|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock (restricted stock units) ⁽¹⁾ | 08/08/2007 | 08/08/2007 | A | | 62,500 ⁽¹⁾ | A | \$ 0 |
| Common Stock | | | | | 4,724 ⁽²⁾ | D | |

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

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SEC 1474 (9-02)

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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 Owned Beneficially (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| WALLACE RICHARD P C/O KLA-TENCOR CORPORATION 160 RIO ROBLES SAN JOSE, CA 95134 | X | | Chief Executive Officer | |

Signatures

/s/ Brian Martin, Attorney in fact for Richard Wallace
08/10/2007

**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).

On September 19, 2006, the Reporting Person was granted a restricted stock unit covering up to 62,500 shares of the Issuer's Common Stock which are subject to both performance-vesting and service-vesting requirements. Following the completion of the Issuer's audited financial statements for the 2007 fiscal year, the Issuer's Board of Directors determined on August 8, 2007 the level at which the

(1) performance goals were attained, and based on that assessment, determined that the number of shares subject to the restricted stock units is 62,500. The Reporting Person will vest in 50% of the restricted stock units upon his completion of two years of service with the Issuer measured from September 19, 2006 and will vest in the remaining 50% upon his completion of an additional two years of service thereafter. The shares of common stock will be issued as the restricted stock units vest.

(2) Includes 133 shares acquired under the Employee Stock Purchase Plan ("ESPP") on February 1, 2007 and 466 shares acquired under the ESPP on June 29, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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