

KLA TENCOR CORP

Form 4

August 07, 2008

FORM 4
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Martin Brian

(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)
08/05/2008

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)

Senior VP & General Counsel

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ 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)
Common Stock - Restricted Stock Units (1) (2)	08/05/2008		A	3,922 (2)	A \$ 0 31,922 (4)	D	
Common Stock - Restricted Stock Units (1) (3)	08/05/2008		A	15,000 (3)	A \$ 0 46,922 (4)	D	
					301 (5)	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 Transaction (Instr. 10)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Martin Brian C/O KLA-TENCOR CORPORATION ONE TECHNOLOGY DRIVE MILPITAS, CA 95035	Senior VP & General Counsel

Signatures

Brian M. Martin 08/07/2008
 **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 represents a contingent right to receive one share of KLA-Tencor common stock.
- (2) On August 8, 2007, Mr. Martin was granted restricted stock units covering up to 4,687 shares of KLA-Tencor common stock, subject to both performance-vesting and service-vesting requirements. Following the completion of KLA-Tencor's audited financial statements for the 2008 fiscal year, the Compensation Committee of KLA-Tencor's Board of Directors determined on August 5, 2008 the level at which

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the corporate performance goals were attained and, based on that assessment, determined that the number of shares subject to the restricted stock units is 3,922. Mr. Martin will vest in fifty percent (50%) of the restricted stock units upon his completion of two years of service with KLA-Tencor measured from the grant date (August 8, 2007) 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 restricted stock units vest.

- (3) Represents a grant of restricted stock units subject only to service-vesting requirements. Mr. Martin will vest in fifty percent (50%) of the restricted stock units upon his completion of two years of service with KLA-Tencor measured from the grant date (August 5, 2008) 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 restricted stock units vest.

- (4) Does not include performance-based restricted stock units, 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 207 shares acquired under the KLA-Tencor Employee Stock Purchase Plan ("ESPP") on December 31, 2007 and 94 shares acquired under the ESPP on June 30, 2008.

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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