

Kirloskar Virendra A
 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 *
 Kirloskar Virendra A

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 C/O KLA-TENCOR CORPORATION, ONE TECHNOLOGY DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 08/04/2010

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 SVP & Chief Accounting Officer

MILPITAS, CA 95035

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

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

(City) (State) (Zip)

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) |
|--|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |
| Common Stock - Restricted Stock Units <u>(1)</u> | 08/04/2010 | | A | 5,900 <u>(2)</u> <u>(3)</u> | A | \$ 0 | 44,250 <u>(5)</u> D |
| Common Stock - Restricted Stock Units <u>(1)</u> | 08/05/2010 | | A | 4,950 <u>(4)</u> | A | \$ 0 | 45,200 <u>(5)</u> D |
| | 08/05/2010 | | A | 4,000 | A | <u>(6)</u> | 14,534 <u>(8)</u> D |

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Common
Stock

Common Stock 08/05/2010 F 1,468⁽⁷⁾ D \$ 32.52 13,066 ⁽⁸⁾ 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. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Kirloskar Virendra A C/O KLA-TENCOR CORPORATION ONE TECHNOLOGY DRIVE MILPITAS, CA 95035 | | | SVP & Chief Accounting Officer | |

Signatures

Brian M. Martin as Attorney-in-Fact for Virendra A. Kirloskar 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.

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- (2) On August 3, 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. Kirloskar was also granted RSUs covering up to 5,900 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 2010 fiscal year, the Compensation Committee of KLA-Tencor's Board of Directors determined on August 4, 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 5,900.
- (3) Mr. Kirloskar 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 3, 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.
- (4) Represents a grant of RSUs subject only to service-vesting requirements. Mr. Kirloskar 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.
- (5) 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. Does include the impact of the vesting of certain RSUs on August 5, 2010, as reported on the lines below.
- (6) On August 5, 2008, Mr. Kirloskar received a grant of RSUs covering 8,000 shares of KLA-Tencor common stock. On August 5, 2010, Mr. Kirloskar vested in fifty percent (50%) of such RSUs.
- (7) Pursuant to the terms of the August 5, 2008 RSU grant, 1,468 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 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.
- (8) Includes 592 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.

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