

Bell Bobby R
Form 4
August 05, 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 *
Bell Bobby R

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director
 Officer (give title below) _____ 10% Owner
_____ Other (specify below)
Executive Vice President

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

3. Date of Earliest Transaction (Month/Day/Year)
08/03/2011

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)
			Code	V	Amount	(A) or (D)	Price
Common Stock	08/03/2011		A		9,225	A	<u>(1)</u> 22,604 <u>(2)</u>
Common Stock	08/03/2011		F		<u>(3)</u> 3,384	D	\$ 39.08 19,220
Common Stock	08/03/2011		A		9,225	A	<u>(4)</u> 28,445
Common Stock	08/03/2011		F		<u>(5)</u> 3,384	D	\$ 39.08 25,061
Common Stock	08/03/2011		A		20,750	A	<u>(6)</u> 45,811

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Common Stock	08/03/2011	F	8,973 (7)	D	\$ 39.08	36,838	D
Common Stock - Restricted Stock Units (8)	08/04/2011	A	15,000 (9)	A	\$ 0	96,158 (10)	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 Transaction (Instr. 3)
				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
Bell Bobby R C/O KLA-TENCOR CORPORATION ONE TECHNOLOGY DRIVE MILPITAS, CA 95035			Executive Vice President	

Signatures

Brian M. Martin as Attorney-in-Fact for Bobby R. Bell 08/05/2011

__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) On August 3, 2009, Mr. Bell received a grant of restricted stock units ("RSUs") covering 18,450 shares of KLA-Tencor common stock. On August 3, 2011, Mr. Bell vested in fifty percent (50%) of such RSUs.
- (2) Includes 569 shares of KLA-Tencor common stock acquired by Mr. Bell under the KLA-Tencor Employee Stock Purchase Plan on June 30, 2011.
- (3) Pursuant to the terms of the August 3, 2009 RSU grant, 3,384 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.
- (4) On August 3, 2009, Mr. Bell received a grant of performance-based RSUs that, following the completion of fiscal year 2010, were determined by the Compensation Committee of KLA-Tencor's Board of Directors (in August 2010) to cover, based on KLA-Tencor's financial performance during fiscal year 2010, 18,450 shares of KLA-Tencor common stock. On August 3, 2011, Mr. Bell vested in fifty percent (50%) of such performance-based RSUs.
- (5) Pursuant to the terms of the August 3, 2009 performance-based RSU grant, 3,384 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.
- (6) On August 3, 2009, Mr. Bell received a supplemental grant of RSUs covering 41,500 shares of KLA-Tencor common stock. On August 3, 2011, Mr. Bell vested in fifty percent (50%) of such RSUs.
- (7) Pursuant to the terms of the August 3, 2009 supplemental RSU grant, 8,973 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) Each RSU represents a contingent right to receive one share of KLA-Tencor common stock.
- (9) Represents a grant of RSUs subject only to service-vesting requirements. Mr. Bell 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 RSU vests.
- (10) Does not include performance-based RSUs, if any, held by Mr. Bell 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.

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.