

KLA TENCOR CORP  
Form 4  
November 08, 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 \*  
Hall Jeffrey

(Last) (First) (Middle)

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)  
11/06/2007

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 Financial 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 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)	Amount (D) Price		

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

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SEC 1474  
(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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title
				Code	V (A) (D)			
Non-Qualified Stock Option (right to buy)	\$ 46.67	11/06/2007	<u>D<sup>(1)(2)</sup></u>		1,521	<u>(3)</u>	07/10/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 50.51	11/06/2007	<u>A<sup>(1)(2)</sup></u>		1,521	<u>(3)</u>	07/10/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 46.67	11/06/2007	<u>D<sup>(5)(6)</sup></u>		1,046	<u>(3)</u>	07/10/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 50.51	11/06/2007	<u>A<sup>(5)(6)</sup></u>		1,046	<u>(3)</u>	07/10/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 46.67	11/06/2007	<u>D<sup>(7)(8)</sup></u>		625	<u>(3)</u>	07/10/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 50.51	11/06/2007	<u>A<sup>(7)(8)</sup></u>		625	<u>(3)</u>	07/10/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 29.31	11/06/2007	<u>D<sup>(9)</sup></u>		1,700	<u>(3)</u>	10/02/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 40.86	11/06/2007	<u>A<sup>(9)</sup></u>		1,700	<u>(3)</u>	10/02/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 29.31	11/06/2007	<u>D<sup>(10)(11)</sup></u>		7,700	<u>(3)</u>	10/02/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 45.25	11/06/2007	<u>A<sup>(10)(11)</sup></u>		7,700	<u>(3)</u>	10/02/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 37.05	11/06/2007	<u>D<sup>(12)(13)</sup></u>		1,896	<u>(3)</u>	11/08/2012	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 37.43	11/06/2007	<u>A<sup>(12)(13)</sup></u>		1,896	<u>(3)</u>	11/08/2012	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hall Jeffrey ONE TECHNOLOGY DRIVE MILPITAS, CA 95035			Chief Financial Officer	

## Signatures

/s/ Jeffrey L.  
Hall 11/08/2007

\_\_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 July 10, 2001, the reporting person was granted an option to purchase 5,703 shares of the Issuer's Common Stock at a purchase price of \$46.67 per share. The actual grant date was subsequently determined to be August 7, 2001. Had the option been granted at fair market value on August 7, 2001, the exercise price of the option would have been \$54.57 per share. To avoid adverse tax consequences, the

(1) Compensation Committee of the Board of Directors of the Issuer approved an amendment to the stock option on November 6, 2007 to increase the exercise price, with respect to the portion of the option vesting after December 31, 2004 (representing 1,521 shares), to the lower of (a) the fair market value per share of the Issuer's common stock on the actual grant date (\$54.57) or (b) the fair market value per share on the November 6, 2007 amendment date (\$50.51). (Continue with footnote 2)

(2) The amendment is reported in this Form 4 as a cancellation of a portion of the option and the grant of a replacement option. The option remains exercisable for 4,182 shares at the original exercise price of \$46.67 per share.

(3) This option is fully vested and exercisable.

(4) In connection with the amendments described in this Form 4, the reporting person became entitled to receive, in January 2008, a cash payment of \$155,350.76, which is the aggregate amount of the increases in the exercise prices of the options described in this Form 4.

On July 10, 2001, the reporting person was granted an option to purchase 5,703 shares of the Issuer's Common Stock at a purchase price of \$46.67 per share. The actual grant date was subsequently determined to be August 7, 2001. Had the option been granted at fair market value on August 7, 2001, the exercise price of the option would have been \$54.57 per share. To avoid adverse tax consequences, the

(5) Compensation Committee of the Board of Directors of the Issuer approved an amendment to the stock option on November 6, 2007 to increase the exercise price, with respect to the portion of the option vesting after December 31, 2004 (representing 1,046 shares), to the lower of (a) the fair market value per share of the Issuer's common stock on the actual grant date (\$54.57) or (b) the fair market value per share on the November 6, 2007 amendment date (\$50.51). (Continue with footnote 6)

(6) The amendment is reported in this Form 4 as a cancellation of a portion of the option and the grant of a replacement option. The option remains exercisable for 1,657 shares at the original exercise price of \$46.67 per share.

On July 10, 2001, the reporting person was granted an option to purchase 6,000 shares of the Issuer's Common Stock at a purchase price of \$46.67 per share. The actual grant date was subsequently determined to be August 7, 2001. Had the option been granted at fair market value on August 7, 2001, the exercise price of the option would have been \$54.57 per share. To avoid adverse tax consequences, the

(7) Compensation Committee of the Board of Directors of the Issuer approved an amendment to the stock option on November 6, 2007 to increase the exercise price, with respect to the portion of the option vesting after December 31, 2004 (representing 625 shares), to the lower of (a) the fair market value per share of the Issuer's common stock on the actual grant date (\$54.57) or (b) the fair market value per share on the November 6, 2007 amendment date (\$50.51). (Continue with footnote 8)

(8) The amendment is reported in this Form 4 as a cancellation of a portion of the option and the grant of a replacement option. The option remains exercisable for 5,375 shares at the original exercise price of \$46.67 per share.

(9) On October 2, 2001, the reporting person was granted an option to purchase 6,000 shares of the Issuer's Common Stock at a purchase price of \$29.31 per share. The actual grant date was subsequently determined to be October 24, 2001. Had the option been granted at fair market value on October 24, 2001, the exercise price of the option would have been \$40.86 per share. To avoid adverse tax consequences, the Compensation Committee of the Board of Directors of the Issuer approved an amendment to the stock option on

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November 6, 2007 to increase the exercise price to the lower of (a) the fair market value per share of the Issuer's common stock on the actual grant date (\$40.86) or (b) the fair market value per share on the November 6, 2007 amendment date (\$50.51). The amendment is reported in this Form 4 as a cancellation of the option and the grant of a replacement option.

On October 2, 2001, the reporting person was granted an option to purchase 21,000 shares of the Issuer's Common Stock at a purchase price of \$29.31 per share. The actual grant date was subsequently determined to be October 25, 2001. Had the option been granted at fair market value on October 25, 2001, the exercise price of the option would have been \$45.25 per share. To avoid adverse tax

- (10) consequences, the Compensation Committee of the Board of Directors of the Issuer approved an amendment to the stock option on November 6, 2007 to increase the exercise price, with respect to the portion of the option vesting after December 31, 2004 (representing 7,700 shares), to the lower of (a) the fair market value per share of the Issuer's common stock on the actual grant date (\$45.25) or (b) the fair market value per share on the November 6, 2007 amendment date (\$50.51). (Continue with footnote 11)

- (11) The amendment is reported in this Form 4 as a cancellation of a portion of the option and the grant of a replacement option. The option remains exercisable for 800 shares at the original exercise price of \$29.31 per share.

On November 8, 2002, the reporting person was granted an option to purchase 3,250 shares of the Issuer's Common Stock at a purchase price of \$37.05 per share. The actual grant date was subsequently determined to be November 18, 2002. Had the option been granted at fair market value on November 18, 2002, the exercise price of the option would have been \$37.43 per share. To avoid adverse tax

- (12) consequences, the Compensation Committee of the Board of Directors of the Issuer approved an amendment to the stock option on November 6, 2007 to increase the exercise price, with respect to the portion of the option vesting after December 31, 2004 (representing 1,896 shares), to the lower of (a) the fair market value per share of the Issuer's common stock on the actual grant date (\$37.43) or (b) the fair market value per share on the November 6, 2007 amendment date (\$50.51). (Continue with footnote 13)

- (13) The amendment is reported in this Form 4 as a cancellation of a portion of the option and the grant of a replacement option. The option remains exercisable for 1,354 shares at the original exercise price of \$37.05 per share.

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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