

KLA TENCOR CORP  
Form 4  
January 26, 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 \*  
**WALLACE RICHARD P**

(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)  
**01/26/2011**

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)  
**President and CEO**

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	01/26/2011		M			3,792	A	\$ 32.75	110,757	D	
Common Stock	01/26/2011		M			20,000	A	\$ 34.67	130,757	D	
Common Stock	01/26/2011		S <sup>(1)</sup>			75,023	D	\$ 44	55,734	D	
Common Stock - Restricted Stock Units									317,945 <sup>(3)</sup>	D	

(2)

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 Security (Instr. 3 and 4)	Amount or Number of Shares
					V	(A)	(D)			
Non-Qualified Stock Option (Right to Buy)	\$ 32.75	01/26/2011		M		3,792	(4) 04/04/2011	Common Stock	3,792	
Non-Qualified Stock Option (Right to Buy)	\$ 34.67	01/26/2011		M		20,000	(5) 01/28/2013	Common Stock	20,000	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WALLACE RICHARD P C/O KLA-TENCOR CORPORATION ONE TECHNOLOGY DRIVE MILPITAS, CA 95035	X		President and CEO	

## Signatures

Brian M. Martin as Attorney-in-Fact for Richard P. Wallace  
Date: 01/26/2011

\_\_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) This sale was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on December 15, 2009.

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- (2) Each restricted stock unit ("RSU") represents a contingent right to receive one share of KLA-Tencor common stock.
- Does not include performance-based RSUs, if any, held by the Reporting Person for which an assessment has not yet been made
- (3) 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.
- Represents a stock option granted on April 4, 2001, granting the Reporting Person the right to purchase up to 12,833 shares of
- (4) KLA-Tencor common stock. 3,500 of the shares subject to this stock option vested on the one-year anniversary of the grant date, and 1/48 of the remaining 9,333 shares subject to this stock option vested on the 13-month anniversary of the grant date and each monthly anniversary thereafter until April 4, 2006.
- Represents a stock option granted on January 28, 2003, granting the Reporting Person the right to purchase up to 25,000 shares of
- (5) KLA-Tencor common stock. 5,000 of the shares subject to this stock option vested on November 8, 2003, and 1/48 of the remaining 20,000 shares subject to this stock option vested on December 8, 2003 and each monthly anniversary thereafter until November 8, 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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