

KLA TENCOR CORP  
Form 4  
February 18, 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**

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)

3. Date of Earliest Transaction (Month/Day/Year)  
**02/17/2011**

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

President and CEO

**C/O KLA-TENCOR CORPORATION, ONE TECHNOLOGY DRIVE**

(Street)

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

**MILPITAS, CA 95035**

(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 or Price		
Common Stock	02/17/2011		M		16,500 A \$ 45.25	72,234	D
Common Stock	02/17/2011		S <sup>(1)</sup>		30,643 D \$ 49.75	41,591	D
Common Stock	02/17/2011		A		37,500 A <u>(2)</u>	79,091	D
Common Stock	02/17/2011		F		16,330 <u>(3)</u> D \$ 49.53	62,761	D
Common Stock -						280,445 <u>(5)</u>	D

Restricted  
Stock Units  
(4)

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
Non-Qualified Stock Option (Right to Buy)	\$ 45.25	02/17/2011		M	16,500	(6) 10/02/2011	Common Stock	16,500

## 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 02/18/2011

\*\*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) These sales were effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on December 15, 2009, as modified on December 14, 2010.

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- (2) On February 17, 2006, Mr. Wallace received a grant of restricted stock units ("RSUs") covering 75,000 shares of KLA-Tencor common stock. On February 17, 2011, Mr. Wallace vested in fifty percent (50%) of such RSUs.
- Pursuant to the terms of the February 17, 2006 RSU grant, 16,330 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.
- (3) Each 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 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.
- (4) Represents a stock option granted on October 2, 2001, granting the Reporting Person the right to purchase up to 16,500 shares of KLA-Tencor common stock. One forty-eighth (1/48) of the 16,500 shares subject to this stock option vested on the 13-month anniversary of the grant date and each monthly anniversary thereafter until October 2, 2006.
- (5) KLA-Tencor common stock. One forty-eighth (1/48) of the 16,500 shares subject to this stock option vested on the 13-month anniversary of the grant date and each monthly anniversary thereafter until October 2, 2006.

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.