

KLA TENCOR CORP
 Form 4
 January 30, 2012

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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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)
 01/27/2012

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 | 01/27/2012 | | M | | 97,916 | A | \$ 47.95 |
| Common Stock | 01/27/2012 | | S ⁽¹⁾ | | 97,916 | D | \$ 52.75 |
| Common Stock - Restricted Stock Units ⁽²⁾ | | | | | 201,400 ⁽³⁾ | D | |

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

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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) | 8. Amount or Number of Shares |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|-------------------------------|
| Non-Qualified Stock Option (Right to Buy) | \$ 47.95 | 01/27/2012 | | M | 97,916 | <u>(4)</u> 09/26/2012 | Common Stock | 97,916 |

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 01/30/2012

**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 transaction was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on December 15, 2009, as modified on December 14, 2010.
- (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.
- (4) Represents a stock option granted on September 26, 2005, granting the Reporting Person the right to purchase up to 125,000 shares of KLA-Tencor common stock. 25,000 of the shares subject to this stock option vested on September 26, 2006, and 1/48 of the remaining

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100,000 shares subject to this stock option vested on October 26, 2006 and each monthly anniversary thereafter until September 26, 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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