

NICHOLS STUART J
 Form 5
 August 11, 2006

FORM 5

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

OMB APPROVAL

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 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
 NICHOLS STUART J

2. Issuer Name and Ticker or Trading Symbol
 KLA TENCOR CORP [i#ek7jye]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 VP and General Counsel

(Last) (First) (Middle)
 160 RIO ROBLES
 (Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 06/30/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting (check applicable line)

SAN JOSE, CA 95134

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)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	Â	Â	Â	Â	Â	Â	3,200 ⁽¹⁾	D	Â
Common Stock - Restricted Stock Units	Â	Â	Â	Â	Â	Â	8,300	D	Â

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

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SEC 2270 (9-02)

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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)	Amount or Number of Shares
					(A) (D)	Date Exercisable	Expiration Date	Title	
Non-Qualified Stock Option	\$ 26.25	Â	Â	Â	Â	11/10/2001	11/10/2010	Common Stock	4,3
Non-Qualified Stock Option	\$ 29.31	Â	Â	Â	Â	10/02/2002	10/02/2011	Common Stock	12,0
Non-Qualified Stock Option	\$ 32.75	Â	Â	Â	Â	04/04/2002	04/04/2011	Common Stock	6,0
Non-Qualified Stock Option	\$ 33.75	Â	Â	Â	Â	10/27/2000	10/27/2009	Common Stock	21,0
Non-Qualified Stock Option	\$ 34.67	Â	Â	Â	Â	11/08/2003	01/28/2013	Common Stock	6,5
Non-Qualified Stock Option	\$ 37.05	Â	Â	Â	Â	11/08/2003	11/08/2012	Common Stock	3,2
Non-Qualified Stock Option	\$ 40.66	Â	Â	Â	Â	10/27/2004	08/02/2014	Common Stock	2,2
Non-Qualified Stock Option	\$ 41.79	Â	Â	Â	Â	09/21/2005	09/21/2014	Common Stock	15,0
Non-Qualified Stock Option	\$ 44.6875	Â	Â	Â	Â	08/13/2001	08/13/2010	Common Stock	12,0
Non-Qualified Stock Option	\$ 45.16	Â	Â	Â	Â	10/27/2004	04/26/2014	Common Stock	3,7
Non-Qualified Stock Option	\$ 47.95	Â	Â	Â	Â	09/26/2006	09/26/2012	Common Stock	15,0
Non-Qualified Stock Option	\$ 51.229	Â	Â	Â	Â	11/08/2003	07/30/2013	Common Stock	3,2
Non-Qualified Stock Option	\$ 53.86	Â	Â	Â	Â	10/27/2004	10/27/2013	Common Stock	6,0
Non-Qualified Stock Option	\$ 58.1	Â	Â	Â	Â	10/27/2004	01/27/2014	Common Stock	3,0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NICHOLS STUART J 160 RIO ROBLES SAN JOSE, CA 95134	Â	Â	Â VP and General Counsel	Â

Signatures

Stuart J. Nichols 08/11/2006

**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) Includes 689 shares acquired through the Employee Stock Purchase Plan during the fiscal year.

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Remarks:

Voluntary filing to report all holdings as of 6/30/2006

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