

NICHOLS STUART J
Form 5
August 11, 2006

FORM 5

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

OMB APPROVAL

OMB Number: 3235-0362
Expires: January 31, 2005
Estimated average burden hours per response... 1.0

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
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

(Last) (First) (Middle)

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

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

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

160 RIO ROBLES

(Street)

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

| 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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 2270 (9-02)

Edgar Filing: NICHOLS STUART J - Form 5

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

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.

Â

Remarks:

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

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.