

KLA TENCOR CORP  
 Form 5  
 August 14, 2006

**FORM 5**

**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).  
 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 \*  
**LEVY KENNETH**  
 (Last) (First) (Middle)

2. Issuer Name and Ticker or Trading Symbol  
**KLA TENCOR CORP [klac]**

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

**160 RIO ROBLES**  
 (Street)

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

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Chairman of the Board

**SAN JOSE, CA 95134**  
 (City) (State) (Zip)

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

6. Individual or Joint/Group Reporting  
 (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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	Â	Â	Â	Â	1,552 (1)	D	Â
Common Stock	Â	Â	Â	Â	298,000	I	KGMW, LP
Common Stock	Â	Â	Â	Â	40,000	I	Levy Family Foundation
Common Stock	Â	Â	Â	Â	1,614,375	I	by Levy Family Trust

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Common  
Stock -  
Restricted  
Stock Units

Â Â Â Â Â Â 1,000 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)

**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 of Shares
Non-Qualified Stock Option	\$ 10.63	Â	Â	Â	Â	Â	08/31/1999	08/31/2008	Common Stock	54,
Non-Qualified Stock Option	\$ 16.97	Â	Â	Â	Â	Â	10/23/1999	10/23/2008	Common Stock	220
Non-Qualified Stock Option	\$ 26.25	Â	Â	Â	Â	Â	11/10/2001	11/10/2010	Common Stock	18,
Non-Qualified Stock Option	\$ 29.31	Â	Â	Â	Â	Â	10/02/2002	10/02/2011	Common Stock	28,
Non-Qualified Stock Option	\$ 32.75	Â	Â	Â	Â	Â	04/04/2002	04/04/2011	Common Stock	18,
Non-Qualified Stock Option	\$ 33.75	Â	Â	Â	Â	Â	10/27/2000	10/27/2009	Common Stock	90,
Non-Qualified Stock Option	\$ 34.67	Â	Â	Â	Â	Â	11/08/2003	01/28/2013	Common Stock	15,
Non-Qualified Stock Option	\$ 37.05	Â	Â	Â	Â	Â	11/08/2003	11/08/2012	Common Stock	7,8
Non-Qualified Stock Option	\$ 40.66	Â	Â	Â	Â	Â	10/27/2004	08/02/2014	Common Stock	4,5
Non-Qualified Stock Option	\$ 41.79	Â	Â	Â	Â	Â	09/21/2005	09/21/2014	Common Stock	50,
Non-Qualified	\$ 44.6875	Â	Â	Â	Â	Â	08/13/2000	08/13/2010	Common	37,

Stock Option										Stock	
Non-Qualified Stock Option	\$ 45.16	^	^	^	^	^	10/27/2004	04/26/2014	Common Stock	7,5	
Non-Qualified Stock Option	\$ 47.95	^	^	^	^	^	09/26/2006	09/26/2012	Common Stock	15,	
Non-Qualified Stock Option	\$ 51.229	^	^	^	^	^	11/08/2003	07/30/2013	Common Stock	7,8	
Non-Qualified Stock Option	\$ 53.86	^	^	^	^	^	10/27/2004	10/27/2013	Common Stock	12,	
Non-Qualified Stock Option	\$ 58.1	^	^	^	^	^	10/27/2004	01/27/2014	Common Stock	6,0	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEVY KENNETH 160 RIO ROBLES SAN JOSE, CA 95134	^ X	^	^ Chairman of the Board	^

## Signatures

Kenneth Levy                      08/14/2006  
 \*\*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 411 shares purchased through the Employee Stock Purchase Plan during the fiscal year.

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### Remarks:

Voluntary filing of Form 5 to show all holdings as of 6/30/2006.

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