

Glasser Lance A  
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 \*  
Glasser Lance A

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

(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     | 4,125 (1)  | D  | Â                                 |
| Common Stock - Restricted Stock Units | Â                                    | Â  | Â                              | Â   | Â          | Â     | 33,333   | 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 |   |                            |
| Non-Qualified Stock Option                 | \$ 10.63   | Â                                    | Â  | Â                              | Â   | Â   | 08/31/1999   | 08/31/2008      | Common Stock  | 5,000                      |
| Non-Qualified Stock Option                 | \$ 26.25   | Â                                    | Â  | Â                              | Â   | Â   | 11/10/2001   | 11/10/2010      | Common Stock  | 5,000                      |
| Non-Qualified Stock Option                 | \$ 29.31   | Â                                    | Â  | Â                              | Â   | Â   | 10/02/2002   | 10/02/2011      | Common Stock  | 22,500                     |
| Non-Qualified Stock Option                 | \$ 32.75   | Â                                    | Â  | Â                              | Â   | Â   | 04/04/2002   | 04/04/2011      | Common Stock  | 5,000                      |
| Non-Qualified Stock Option                 | \$ 33.75   | Â                                    | Â  | Â                              | Â   | Â   | 10/27/2000   | 10/27/2009      | Common Stock  | 20,000                     |
| Non-Qualified Stock Option                 | \$ 34.67   | Â                                    | Â  | Â                              | Â   | Â   | 11/08/2003   | 01/28/2013      | Common Stock  | 9,000                      |
| Non-Qualified Stock Option                 | \$ 37.05   | Â                                    | Â  | Â                              | Â   | Â   | 11/08/2003   | 11/08/2012      | Common Stock  | 4,500                      |
| Non-Qualified Stock Option                 | \$ 40.66   | Â                                    | Â  | Â                              | Â   | Â   | 10/27/2004   | 08/02/2014      | Common Stock  | 3,750                      |
| Non-Qualified Stock Option                 | \$ 41.79   | Â                                    | Â  | Â                              | Â   | Â   | 09/21/2005   | 09/21/2014      | Common Stock  | 75,000                     |
| Non-Qualified Stock Option                 | \$ 42.28   | Â                                    | Â  | Â                              | Â   | Â   | 11/30/2000   | 11/30/2009      | Common Stock  | 10,000                     |
| Non-Qualified Stock Option                 | \$ 44.6875   | Â                                    | Â  | Â                              | Â   | Â   | 08/13/2000   | 08/13/2010      | Common Stock  | 10,000                     |
| Non-Qualified Stock Option                 | \$ 45.16   | Â                                    | Â  | Â                              | Â   | Â   | 10/27/2004   | 04/26/2014      | Common Stock  | 6,250                      |
| Non-Qualified Stock Option                 | \$ 47.95   | Â                                    | Â  | Â                              | Â   | Â   | 09/26/2006   | 09/26/2012      | Common Stock  | 75,000                     |
| Non-Qualified Stock Option                 | \$ 51.229  | Â                                    | Â  | Â                              | Â   | Â   | 11/08/2003   | 07/30/2013      | Common Stock  | 4,500                      |

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|                            |          |   |   |   |   |   |            |            |              |      |
|----------------------------|----------|---|---|---|---|---|------------|------------|--------------|------|
| Non-Qualified Stock Option | \$ 53.86 | Â | Â | Â | Â | Â | 10/27/2004 | 10/27/2013 | Common Stock | 10,0 |
| Non-Qualified Stock Option | \$ 58.1  | Â | Â | Â | Â | Â | 10/27/2004 | 01/27/2014 | Common Stock | 5,0  |

## Reporting Owners

| Reporting Owner Name / Address                          | Relationships |           |                            |       |
|---|---------------|-----------|----------------------------|-------|
|   | Director      | 10% Owner | Officer                    | Other |
| Glasser Lance A<br>160 RIO ROBLES<br>SAN JOSE, CA 95134 | Â             | Â         | Â Executive Vice President | Â     |

## Signatures

Lance Glasser 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 617 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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