

KLA-TENCOR CORPORATION

INTERNATIONAL ANTI-BRIBERY COMPLIANCE POLICY AND GUIDELINES

[For Third-Party Business Partners Doing Business on Behalf of KLA-Tencor]

(As of August 15, 2011)

I. Our Company Position on Bribery and Corruption

KLA-Tencor Corporation is committed to maintaining the highest level of integrity everywhere we do business. Our reputation for honesty, integrity and fair dealing is paramount and unwavering. Our corporate policy is to always prohibit improper or unethical payments to anyone (including government officials) anywhere in the world. We have a ZERO tolerance policy in this area.

Our policy is:

No company officer, employee or business partner has authority to offer, promise, make or facilitate the making of payments to a foreign official to induce that official to affect any government act or decision in a manner that will assist KLA-Tencor Corporation or any of its affiliates, subsidiaries or divisions to obtain or retain business or any advantage. Furthermore, every officer, employee and business partner is obligated by company policy and federal law to keep books, records, and accounts that accurately and fairly reflect all transactions and disposition of company assets.

In this policy, the term “business partner” refers to third parties that do business on behalf of KLA-Tencor, such as distributors, sales representatives and freight forwarders.

We recognize that, from time to time, reasonable and legitimate business expenses or small gifts are necessary in certain circumstances. However, these expenses or gifts are always subject to the limitations described in this policy.

2. Knowing the Laws

One of the laws directly relevant to the policy statement above is the U.S. Foreign Corrupt Practices Act, known as the FCPA.

The FCPA is a criminal statute that prohibits all U.S. companies (including KLA-Tencor) and their foreign subsidiaries, and their respective affiliates and employees, from corruptly **offering, promising, paying or authorizing** the payment of **anything of value** to any **foreign official** to influence that official to assist in **obtaining or retaining business or any other advantage**. This prohibition applies whether the offer or payment is made directly or through a business partner.

The FCPA also requires KLA-Tencor to maintain an accounting system that ensures reasonably detailed and accurate records of all of its financial transactions and a system of internal accounting controls that protects against off-book accounts and disbursements and other unauthorized payments.

3. Understanding the Law

The policy statement above uses several terms that merit further explanation, so that you can fully understand what is prohibited by this policy and by the law.

“Offering, promising, paying or authorizing the payment of”:

Consistent with the FCPA and other laws, our policy prohibits not only the actual payment of something of value, but also any offer, promise or authorization of the payment of anything of value. It’s also important to understand that KLA-Tencor is liable for the actions of our business partners, so it is essential that our business partners understand and comply with the law when doing business on our behalf.

➤ What happens if:

- I don’t actually end up paying the bribe, but I offered it? **BREACH**
- I pay it, but I don’t get the desired result? **BREACH**
- One of my staff paid it, but I knew about it? **BREACH**
- I approved it on my staff’s expenses? **BREACH**
- I had a third party business partner pay it? **BREACH**
- A partner pays it and I suspect a problem, but do nothing? **BREACH**

“Anything of value”:



“Foreign official”:

This term is defined very broadly, as it includes not only employees of any non-U.S. government, but also employees of any company, university or other institution that is owned or controlled by a non-U.S. government.

➤ Would this include:

- Employees of a non-U.S. government department or agency? **YES**
- Employees at a company that is government owned or controlled? **YES**
- An office clerk at a local municipal office? **YES**
- A judge, court filing clerk, or other administrative staff? **YES**
- A professor or administrator at a government controlled institution? **YES**
- Employees at state owned media agencies? **YES**
- A nurse or doctor at a government owned hospital? **YES**

REMEMBER: The definition is very wide, any questions about an individual’s potential “foreign official” status (including whether a particular customer is government owned or controlled) should be raised with KLA-Tencor’s General Counsel.

“Obtaining or retaining business or any other advantage”:

This concept includes not only the foreign official’s assistance in awarding any contract or business to the company (note that the contract or business itself does not need to be with a foreign government), but it also incorporates a number of other types of benefits and advantages.

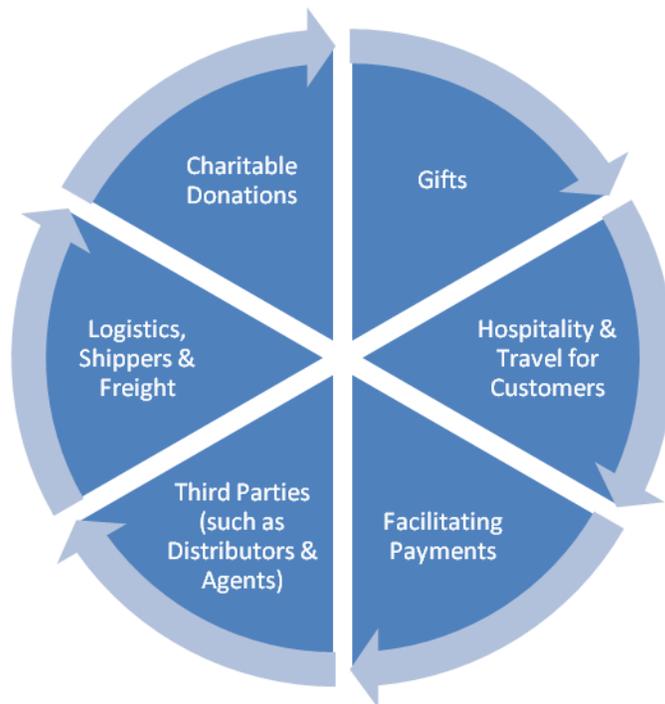
➤ What about paying or offering something of value to:

- Get a reduction in taxes? **INCLUDED**
- Get some laws changed? **INCLUDED**
- Get import clearance for some products? **INCLUDED**
- Obtain a permit to do business? **INCLUDED**
- Have telephone/electricity connected? **INCLUDED**

REMEMBER: Penalties for violations of anti-bribery laws can be huge. The Company and YOU could be fined millions of dollars for a violation. You are responsible for your own fines, and you could also go to jail.

4. Managing Within the Law; Steps to Help You Comply

There are some very common areas where issues arise. Carefully review each of these to understand KLA-Tencor's position and suggestions on how to manage your business within the law.



Gifts

It is customary in many parts of the world to occasionally give nominal gifts to customers and other parties that have a business relationship with the company.

Our policy is that no gifts can be given to a foreign official unless either:

1. The gift is a KLA-Tencor promotional item (such as a coffee mug, shirt or pen with KLA-Tencor's insignia) with only nominal value; **OR**

2. The gift satisfies all of the following requirements:
 - a. It conforms to normal social customs in the foreign official's country;
 - b. It is not given to obtain or retain business or gain an improper advantage (in other words, it must be a bona fide promotion or goodwill expenditure);
 - c. It is lawful under the written laws of the country where the gift is being given;
 - d. It is not in the form of cash;
 - e. It is of nominal value (on an individual and aggregate basis); and
 - f. It will be accurately recorded in the books and records of KLA-Tencor and any third-party business partners involved in giving the gift.

Hospitality (Business Expenses: Meals and Entertainment)

The FCPA permits companies, including KLA-Tencor, to provide certain types of meals and entertainment to foreign officials.

Our policy is that any such meal or entertainment expense is permissible only if the expense is:

1. Bona fide and related to a legitimate business purpose, such as the promotion, demonstration or explanation of company products or services or the execution or performance of a contract with the applicable party;
2. Reasonable in amount (i.e., not extravagant and conforms to the customs of the foreign official's home country); and
3. Legal under the written laws of the foreign official's home country.

Travel

The FCPA also permits companies, including KLA-Tencor, to provide certain limited types of travel and travel-related expenses (such as airfare, accommodations, and reimbursement for meals during a trip) to foreign officials.

Special Rules for Travel

Special rules applicable to travel-related expenses:

- Any airfare must be economy class or its equivalent (not first or business class); and
- Expenses related to spousal travel or side trips will not be approved.

Stay Alert: Customers may request that KLA-Tencor or its business partners pay for the customer to travel for “training.” In some cases, travel for training is perfectly appropriate. However, you must carefully review any request for company-paid travel. Don’t assume that the customer is truly looking for relevant training, as they may simply be trying to get a holiday with side visits to luxury locations, resorts or theme parks.

Facilitating Payments

Often known as “small bribes,” or payments of a nominal amount made to ensure non-discretionary governmental actions such as processing certain types of visas or business permits, **facilitating payments are prohibited by KLA-Tencor policy** (unless the health or safety of an employee is at risk).

Remember: If you have any question as to whether a payment qualifies as a facilitating payment or whether an exception may be granted from this policy to make a particular facilitating payment, contact KLA-Tencor.

In the unlikely event that a facilitating payment must be made to ensure the health or safety of an employee, the payment should be fully and properly reported to KLA-Tencor as soon as possible (and in any case within 72 hours).

Using Third-Party Business Partners

Just as KLA-Tencor can be liable for the actions of its third-party business partners, you can similarly be held liable for the actions of any partner that you engage to help you do business. Be aware of suspicious activities or requests or poor documentation from any business partners you retain to do business on behalf of KLA-Tencor, and always investigate a partner’s background, business references, reputation and criminal history before engaging them to have any involvement in KLA-Tencor business.

Logistics, Shippers and Freight

Be careful when paying customs agents, shippers and freight companies to ensure that any “additional fees” included in invoices are not really just bribes to a customs official or border guard to release a shipment.

Charitable Contributions

Charitable donations at the request of a foreign official or to an organization affiliated with a foreign official should generally be avoided. They may be considered a payment to the foreign official and may therefore violate the FCPA or other anti-bribery laws.

5. Principles of Compliance and Policy Administration

Accounting and Recordkeeping Requirements

The FCPA also includes strict accounting, recordkeeping and internal controls requirements. The intent of these requirements is straightforward: A company must know how its money is being spent, including to whom it is being paid and for what purpose, and the only way to demonstrate that knowledge is by maintaining transparent and accurate books and records.

To ensure compliance with these requirements, all expenditures and transactions must be accurately and completely described in the company's financial records. KLA-Tencor personnel will not agree to requests for false invoices or for payment of expenses that are unusual, excessive, inadequately described, or otherwise raise questions under this policy.

KLA-Tencor will periodically audit the records of its third-party business partners (the portion that pertains to business done on behalf of KLA-Tencor) to ensure that its business partners are complying with the FCPA in their business activities and recordkeeping.

Policy Administration; Handling Questions and Potential Violations

This policy is managed by KLA-Tencor's Legal Department.

We expect every third-party business partner of KLA-Tencor to adhere to our company's ethical standards and to comply with the FCPA. Departures from our business standards will not be tolerated.

Compliance with the FCPA can be complex. If a question arises regarding any improper payment-related issue, please immediately consult with KLA-Tencor.

Any employee or third party acting on behalf of KLA-Tencor who learns of or suspects a violation of this policy should promptly report the matter to his or her point of contact within KLA-Tencor, to the General Counsel's office or through the company's EthicsPoint website or hotline.