

Environmental Policy

KLA-Tencor is committed to complying with all applicable regulatory and other requirements regarding the environment and preventing pollution worldwide. We regularly evaluate the aspects of company operations that impact the environment. Operational areas targeted for improvement are selected based on a number of factors, including changes in the regulatory environment, breadth of impact, impact on our customers and other stakeholders, and financial considerations. Management periodically reviews KLA-Tencor's progress towards mitigating adverse environmental impacts, appropriate actions are taken that are designed to ensure the success of our ongoing projects, and new projects are selected (based on the criteria described above) in an effort to further improve our environmental performance.

KLA-Tencor has been registered to the ISO 14001 standard since 2003 and strives to continuously improve its environmental performance. Each year KLA-Tencor (a) evaluates its impacts on the environment, (b) identifies those areas of impact over which the company has sufficient control, and (c) establishes goals and objectives in those areas to reduce the company's environmental impacts. Since the inception of its Environmental Management System, KLA-Tencor has, for example, consistently focused on the issue of solid waste production in our manufacturing facilities. Through a combination of recycling, educational programs and the dedication of our Corporate Facilities and Real Estate department, we are proud to report an 88% diversion rate of solid waste away from landfills in our main campus in Milpitas, California during calendar year 2011. The California Integrated Waste Management Board has recognized KLA-Tencor's efforts and has awarded KLA-Tencor with a waste reduction award (WRAP Award) for the last eight years. Our goal is to continue our recycling and diversion efforts to meet or exceed an 88% diversion rate in 2012 and beyond.

Design for EHS

As a leading provider of process control and yield management solutions for the semiconductor, data storage, LED, photovoltaic, and other related nanoelectronics industries, our products are designed with an eye toward the current and future challenges not only of technology, but also environmental, health and safety regulations. Our design teams are trained in a full complement of regulatory and compliance-related subjects that address these requirements. Some of the standards include: SEMI S23 (Guide for Conservation of Energy, Utilities, and Materials used by Semiconductor Manufacturing Equipment), RoHS (Restriction of the use of certain hazardous substances in electrical and electronic equipment), WEEE (Waste Electrical and Electronic Equipment) and many more.

KLA-Tencor is proud to provide products to our industry that help our customers achieve their environmental targets by increasing yield and thereby reducing usage of raw materials, energy, water and other resources.

Corporate Packaging

The KLA-Tencor Packaging Engineering department continues to make strides in reducing our environmental impact. Since 2006, KLA-Tencor has prohibited the use of bleached corrugated boxes, polystyrene loose fill, and now in 2012, foam-in-place materials. The new standard is bubble wrap made of at least 50% recycled content and reusable cases for repairable optical components. KLA-Tencor implemented the first-of-its-kind qualified Reuse, Refurbish, Recycle Program for crates in 2006 and continues to expand the program to different countries, suppliers, and materials to further reduce the amount of material entering the waste stream.

Workplace Health and Safety

KLA-Tencor strives for a Zero-Accident workplace and manages these efforts through a global injury and illness prevention program based on risk and hazard assessments and continuously improving loss

control measures. The Company's OSHA reportable statistics are in the following chart.

Green House Gases

The KLA-Tencor corporate goal for the Milpitas headquarters' greenhouse gas emissions is to implement facility and operational improvements to curb at least 400 metric tons of CO2e emissions by the end of calendar year 2012 compared to 2011 levels.

Metrics and Goals

OSHA Statistics	2008	2009	2010	2011	2012
Injury and Illness Rate (IIR)	1.1	0.6	1.1	0.5	0.
Lost Work Day Rate (LWDR)	14.2	2.4	10.8	18.2	1
Days Away, Restricted and Transferred (DART)	0.4	0.1	0.4	0.3	0.
Experience Modifier (XMOD)	0.39	0.38	0.41	0.49	0.
OSHA Citations	0	0	0	0	0
Waste Stream	2008	2009	2010	2011	2012
Hazardous Waste Generated (tons)	-	1.27	2.29	2.23	2.
Campus Trash Generated (tons)	397.46	283.38	130.37	177.91	
Campus Trash Recycled (tons)	734.28	863.73	861.89	637.32	
Total Campus Trash (tons)	1131.74	1147.11	992.26	815.23	
% Diverted from Landfill	64.9%	75.3%	86.9%	78.2%	88
CDP Data	2008	2009	2010	2011	2012
Scope 1 Greenhouse Gases (Metric Tonnes)				1903.4	.
Scope 2 Greenhouse Gases (Metric Tonnes)				18,136.25	17,7
Water (Million US Gallons)				8.98	8.