



## **Introduction**

KLA-Tencor Corporation headquartered in Milpitas, CA, United States is a leading supplier of process control and yield management solutions for the semiconductor and related nanoelectronics industries. As an S&P 500 company, KLA is among the largest semiconductor equipment companies in the world with 6,900 employees worldwide as of December 31, 2018.

This statement describes the company's policy and approach to conducting our UK tax affairs and dealing with tax uncertainties and risk, which align with the responsible and sustainable way we carry out all business operations.

This UK tax strategy statement below applies to KLA-Tencor Limited (UK) and other companies in the KLA group subject to UK Tax (referred to collectively as "KLA") and will remain in place starting from 31 December 2018 and will be republished annually.

## **Tax Governance and Risk Management**

KLA is exposed to tax obligations and risks through our routine business operations. The tax function regularly reviews enacted tax legislation to ensure that changes in tax law are properly reflected in our tax reporting. A description of potential risks is contained in our latest annual report on Form 10-K filed with the United States Securities and Exchange Commission.

## **Attitude to Tax Planning**

In accordance to our core values, KLA does not engage in artificial or aggressive tax planning. The aim of overall tax planning is to ensure compliance with all local laws and pay all taxes as required by law.

Transactions between affiliates are conducted on an arms-length basis in accordance the appropriate transfer pricing rules.

Where there is uncertainty or complexity relating to business transactions KLA will normally seek assurance from professional advisors.

## **Tolerance of Tax Risks**

KLA is committed to complying with the tax laws and regulations in all countries where we operate. We continually monitor for any changes in tax laws to ensure compliance and minimize tax risks. Where there is uncertainty in interpretation of tax law we will seek assurance from professional advisors.



## **Approach towards dealings with HM Revenue & Customs (HMRC)**

KLA's approach to dealing with HMRC is to maintain an open and professional relationship in with HRMC and seek to respond to all information requests in a timely manner.