

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

---

**FORM 6-K**

---

**Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
under the Securities Exchange Act of 1934**

**For the month of January 2019**

**Commission File Number 000-12790**

---

**ORBOTECH LTD.**  
(Translation of Registrant's name into English)

---

**7 SANHEDRIN BOULEVARD, NORTH INDUSTRIAL ZONE, YAVNE 8110101, ISRAEL**  
(Address of principal executive offices)

---

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

---

---

---

## Information Contained in this Report on Form 6-K

Attached hereto and incorporated by reference herein are the following documents:

1. Ruling issued by the Israel Tax Authority on, and dated January 31, 2019, and with respect to withholding of Israeli tax<sup>(1)</sup>
2. Press Release issued by the Registrant on, and dated January 31, 2019, and entitled “Orbotech Receives Israel Tax Authority Withholding Tax Ruling”

(1) English translation from the official, original version in Hebrew.

### Withholding Tax Ruling

On January 31, 2019, Orbotech Ltd. (the “Company” or “Orbotech”) announced that the Israel Tax Authority (the “ITA”) has issued a tax ruling with respect to withholding of Israeli tax applicable to the merger consideration payable to its shareholders and to its employees who are not residents of Israel (“foreign-resident employees” and such ruling, the “Withholding Tax Ruling”), in connection with the pending merger transaction involving the Company, KLA-Tencor Corporation (“KLA-Tencor”) and Tiburon Merger Sub Technologies Ltd. (such merger, the “Merger”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement and Plan of Merger dated as of March 18, 2018, as amended (the “Merger Agreement”), filed with the Securities and Exchange Commission (the “SEC”) as part of Exhibit 99.1 of the Company’s Form 6-K on June 7, 2018.

The following is a summary discussion of the material Israeli withholding tax considerations in connection with the Merger, applicable to Orbotech’s Israeli-resident and foreign-resident (non-Israeli) shareholders and foreign-resident employees of the Company’s subsidiaries. The following summary is included for general information purposes only, is based upon current Israeli tax law and the rules promulgated thereunder and the Withholding Tax Ruling and should not be construed as or considered to be tax advice to any particular holder of Orbotech shares. No assurance can be given that future legislation, regulations or interpretations will not significantly change the tax considerations described below, and any such change may apply retroactively. This summary is not intended to be and does not constitute a complete review of all material terms of the Withholding Tax Ruling, nor does it discuss all material aspects of Israeli tax consequences that may apply to particular holders of Orbotech shares (in light of their particular circumstances). **YOU SHOULD CAREFULLY READ THE TRANSLATION OF THE WITHHOLDING TAX RULING ATTACHED HERETO AND CONSULT YOUR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE MERGER TO YOU.** In the event of any discrepancy between the translation of the Withholding Tax Ruling attached hereto and the official, original Hebrew version of the Withholding Tax Ruling, the official, original Hebrew version of the Withholding Tax Ruling shall govern. The Withholding Tax Ruling does not address any non-Israeli tax matters.

This Form 6-K is intended to provide general information to the Company’s shareholders and foreign-resident employees of the main procedures shareholders and foreign-resident employees must follow in order to become eligible for exemption from tax withholding under Israeli law, to which they may be entitled under the Withholding Tax Ruling. Neither the Company, KLA-Tencor nor any representative of the Company or KLA-Tencor is requesting any forms or submissions by shareholders or foreign-resident employees at this time. **Please do not submit any forms or other materials to the Company, KLA-Tencor or their representatives in connection with the merger until requested.**

The Withholding Tax Ruling does not cover the deferral of the obligation of Israeli tax resident holders of Orbotech shares to pay Israeli tax on the exchange of the Orbotech shares for KLA-Tencor common stock in accordance with the provisions of Section 104H of the Ordinance. The Company expects that these matters will be covered by an additional ruling or rulings to be issued by the ITA (the “104H Tax Rulings”). If and when the 104H Tax Rulings are finalized, Orbotech will issue a press release and furnish a Form 6-K or other

---

document with the SEC describing the tax treatment provided therein. There can be no assurance that such ruling or rulings will be granted before the Closing or at all or that, if obtained, such ruling or rulings will be granted under the conditions requested by Orbotech.

**Exemption from Israeli Tax withholding with respect to Merger Consideration payable to foreign-resident (non-Israeli) shareholders holding their shares through foreign brokers and with respect to registered shareholders (other than ‘Interested Parties’, as defined in the Withholding Tax Ruling).**

Generally, the Merger Consideration payable to foreign-resident (non-Israeli) shareholders holding their shares through foreign brokers (other than such shareholders holding shares through TASE members) and the Company’s foreign-resident (non-Israeli) registered shareholders shall be exempt from Israeli tax withholding.

“Foreign-resident (non-Israeli) registered shareholders” are shareholders who are not residents of Israel and hold Orbotech shares that are listed on the NASDAQ Global Select Market (“Nasdaq”) and registered with American Stock Transfer & Trust Company LLC, Orbotech’s transfer agent.

The eligibility requirements for the exemption from Israeli Tax Withholding include the following:

- i. the shareholder holds no more than 5% of the Company’s outstanding shares;
- ii. the shareholder is a beneficial owner of such shares (i.e., (a) such shareholder is the legal and economic beneficiary of the rights arising from the Orbotech shares; and (b) with respect to a non-individual shareholder, it has actual activity and is not a ‘pass-through entity’ aiming to reduce or avoid Israeli taxation);
- iii. the shareholder purchased such shares after their listing on Nasdaq (i.e., after August 9, 1984) and was not an Israeli resident at the time such shares were purchased; and
- iv. the shareholder provides a declaration with respect to its residency and to its entitlement to an exemption from tax withholding by submitting a declaration of status for Israeli income tax purposes (the “Declaration of Status”).

Additionally, all non-individual shareholders, as well as individual shareholders receiving Merger Consideration in excess of \$100,000, must provide a certificate of residency for tax purposes from the tax authority of its state of residency. Each individual shareholder must also provide a copy of his/her passport.

**Israeli Tax Withholding with respect to Cash Merger Consideration payable to shareholders holding their shares through TASE members (other than Interested Parties).**

With respect to the Cash Merger Consideration payable to shareholders holding their shares through TASE members (other than Interested Parties), Israeli income tax shall be withheld by the applicable TASE member, in accordance with the Ordinance and the rules promulgated thereunder.

**Israeli Tax Withholding with respect to Merger Consideration payable to foreign-resident employees of Orbotech’s subsidiaries.**

Generally, the Merger Consideration payable to foreign-resident employees of the Company’s foreign subsidiaries in respect of their options and/or settled RSUs and restricted shares, will be eligible to be exempt from Israeli withholding tax.

The eligibility for such exemption is subject to the submission, by the employee, of a declaration regarding his/her residency and entitlement to such exemption. Each foreign-resident employee must provide a copy of his/her passport and any foreign-resident employee receiving Merger Consideration in excess of \$100,000 must also provide a confirmation from the tax authorities of his/her state of residency confirming its tax residency status.

---

**Other shareholders, foreign-resident employees and Interested Parties.**

Generally, the Merger Consideration payable to shareholders and foreign-resident employees who do not meet the requirements for tax withholding exemption as described above, and the Cash Consideration payable to Interested Parties, will be subject to tax withholding in accordance with the Ordinance and the rules promulgated thereunder or according to a valid withholding tax certificate issued by the assessing officer or the Professional Division at the ITA or according to another ruling issued by the ITA.

\* \* \* \* \*

This report on Form 6-K is incorporated by reference into the Registration Statements on Form S-8 (Registration No. 33-25782, Registration No. 33-78196, Registration No. 333-05440, Registration No. 333-06542, Registration No. 333-08404, Registration No. 333-09342, Registration No. 333-11124, Registration No. 333-12692, Registration No. 333-127979, Registration No. 333-154394, Registration No. 333-169146, and Registration No. 333-207878) of Orbotech Ltd. previously filed with the SEC.

**Cautionary Statement Regarding Forward-Looking Statements**

This report contains forward-looking statements as defined in the Securities Exchange Act of 1934 and is subject to the safe harbors created therein. These forward-looking statements involve risks and uncertainties that could significantly affect the expected results of the proposed transaction and are based on certain key assumptions. Due to such uncertainties and risks, no assurances can be given that such expectations will prove to have been correct, and readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. The forward-looking statements contained herein include, but are not limited to, the manner in which the parties plan to effect the transaction, including the share repurchase program; the ability of KLA-Tencor to raise additional capital necessary to complete the repurchase program within the time frame expected; the expected benefits, synergies and costs of the transaction; management plans relating to the transaction; the expected timing of receipt of antitrust approval in China and the completion of the transaction; the parties' ability to complete the transaction considering the various closing conditions, including conditions related to regulatory and Orbotech shareholder approvals; the ability of Orbotech to obtain certain rulings from the Israel Tax Authority in connection with the tax treatment of the merger consideration in Israel; the plans, strategies and objectives of management for future operations; product development, product extensions, product integration, complementary product offerings and growth opportunities in certain business areas; the potential future financial impact of the transaction; and any assumptions underlying any of the foregoing. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to the possibility that expected benefits of the transaction may not materialize as expected; that the transaction may not be timely completed, if at all; or that KLA-Tencor may not be able to successfully integrate the solutions and employees of the two companies or ensure the continued performance or growth of Orbotech's products or solutions.

In addition, other risks that KLA-Tencor faces include those detailed in KLA-Tencor's filings with the SEC, including KLA-Tencor's annual report on Form 10-K for the year ended June 30, 2018 and subsequent SEC filings. Other risks that Orbotech faces include those detailed in Orbotech's filings with the SEC, including Orbotech's annual report on Form 20-F for the year ended December 31, 2017 and subsequent SEC filings. The Company is subject to the foregoing and other risks detailed in those reports. The Company assumes no obligation to update the information in this report to reflect new information, future events or otherwise, except as required by law.

---

## Additional Information and Where to Find It

This report is provided in respect of a proposed business combination involving KLA-Tencor and Orbotech. This report does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for any securities or a solicitation of any vote or approval nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation, sale, issuance or transfer would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed transaction was submitted to the shareholders of Orbotech for their consideration through the proxy statement/prospectus described below. On May 16, 2018, KLA-Tencor filed with the SEC a Registration Statement on Form S-4 (the "Registration Statement") that included a preliminary proxy statement/prospectus with respect to Orbotech in connection with the merger of an indirect subsidiary of KLA-Tencor with and into Orbotech, with Orbotech surviving, and with respect to KLA-Tencor's common stock to be issued in the proposed transaction. The Registration Statement was amended and declared effective on June 7, 2018, a copy of the final proxy statement/prospectus contained therein was first made available to Orbotech shareholders on June 7, 2018 and was mailed to Orbotech shareholders on or about June 15, 2018 and the Extraordinary General Meeting of shareholders of Orbotech was held on July 12, 2018. KLA-Tencor and Orbotech also plan to file other documents with the SEC regarding the proposed transaction.

**This report is not a substitute for any prospectus, proxy statement or any other document that KLA-Tencor or Orbotech has or may file with the SEC in connection with the proposed transaction. Investors and security holders of KLA-Tencor and Orbotech are urged to read the proxy statement/prospectus and any other relevant documents that will be filed with the SEC carefully and in their entirety when they become available because they will contain important information about the proposed transaction.**

You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website ([www.sec.gov](http://www.sec.gov)). In addition, investors and security holders will be able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by KLA-Tencor on KLA-Tencor's Investor Relations page (<http://ir.kla-tencor.com>) or by writing to KLA-Tencor Corporation, Investor Relations, 1 Technology Drive, Milpitas, CA 95035 (for documents filed with the SEC by KLA-Tencor), or by Orbotech on Orbotech's Investor Relations page ([investors.Orbotech.com](http://investors.Orbotech.com)) or by writing to Orbotech Ltd., Investor Relations, 7 Sanhedrin Boulevard, North Industrial Zone, Yavne 8110101 Israel (for documents filed with the SEC by Orbotech).

## EXHIBITS

<u>Exhibit#</u>	<u>Description</u>
99.1	Ruling issued by the Israel Tax Authority on, and dated January 31, 2019, and with respect to withholding of Israeli tax <sup>(1)</sup>
99.2	Press Release issued by the Registrant on, and dated January 31, 2019, and entitled "Orbotech Receives Israel Tax Authority Withholding Tax Ruling"

(1) English translation from the official, original version in Hebrew.

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORBOTECH LTD.  
(Registrant)

By: /s/ Alon Rozner  
Alon Rozner  
Corporate Vice President and  
Chief Financial Officer

Date: January 31, 2019

## Professional Division

January 31, 2019  
Application no.: 20181131

To:  
Kesselman & Kesselman – CPA  
25 HaMered Street, Trade Tower,  
Tel Aviv

**Dear Sir,**

Re: **Withholding tax upon the purchase of Orbotech shares which are traded on the stock exchange outside of Israel** (Reference: Your application of April 25, 2018)

1. **The facts as provided to us by you:**

- 1.1. Orbotech Ltd. (the “**Company**” or “**Orbotech**”), Public Co. 520035213, Tax Withholding File 910000272, is an Israeli-resident public company, which was incorporated as a private company on February 8, 1981, and which securities are listed since 1984 on the NASDAQ Stock Market, in New York, U.S.A. (the “**NASDAQ**”).
- 1.2. The Company engages, directly or indirectly, through held companies, mainly in the development, manufacture, marketing and service of products used in the process of manufacturing electronic components, and mainly in the production of printed circuit boards and flat-panel displays, and in the planning, development, manufacture, marketing and service of manufacturing solutions in the advanced packaging industry and of microelectromechanical systems for the semiconductor industry. The Company sells these products to manufacturers of electronic components. In addition, the Company engages, through a subsidiary (OrboGraph Ltd.), in the development and marketing of handwriting recognition software, and holds the rights in a limited partnership that develops software for the printed circuit board industry (Frontline P.C.B Solutions Limited Partnership).
- 1.3. The Company’s issued and paid up capital as of December 6, 2018 includes 48,890,981 ordinary shares of par value ILS 0.14, all of which are listed on the NASDAQ. In addition, there are 5,410,773 treasury shares held by the Company and subsidiaries thereof.
- 1.4. The Company’s shareholders are as follows:

**Interested parties**

- 1.4.1. Dr. Jacob Richter, I.D. 001652502, an Israeli-resident individual who is a Director of the Company, holding, to the best knowledge of the Company, together with his wife, Dr. Judith Richter, I.D. 007630973 (hereinafter: “**Jacob Richter**”, “**Judith Richter**” and jointly: the “**Richter Couple**”, 2,624,839 shares as of December 19, 2018, constituting approx. 5.4% of the Company’s issued and paid up capital. All of the shares held by the Richter Couple were purchased after the listing of Orbotech.
- 1.4.2. Mr. Yochai Richter, I.D. 001652494, an Israeli-resident individual who is the Chairman of the Company’s board of directors, and brother of Jacob Richter (“**Yochai Richter**”) holding, to the best knowledge of the Company, as of December 19, 2018, 1,024,147 shares, constituting approx. 2.1% of the Company’s issued and paid up capital. All of the shares held by Yochai Richter were purchased after the listing of Orbotech.
- 1.4.3. Clal Insurance Enterprises Holdings Limited, Public Company no. 520036120 (“**Clal**”) holding, as of January 25, 2018 (according to a report that was submitted by Clal to the United States Securities and Exchange Commission (“**SEC**”) on February 5, 2018) approx. 2,423,483 shares, constituting approx. 4.9% of the Company’s issued and paid up capital, of which approx. 107,150 shares in its Nostro portfolio (the “**Nostro Shares**”) and the balance through investment funds which are managed by the company for members (the “**Provident Shares**”). To the Company’s best knowledge, all of the shares held by Clal in the Nostro portfolio (as of the said date) were purchased after the listing of Orbotech.
- 1.4.4. Renaissance Technologies LLC (“**Renaissance**”) which is an American investment body (the identity of investors is unknown to the Company) holding, as of January 4, 2018 (according to a report that was submitted by Renaissance to the SEC on February 14, 2018) approx. 2,642,800 shares, constituting approx. 5.4% of the Company’s issued and paid up capital.
- 1.4.5. In addition, the following individuals hold Company shares, as of December 19, 2018: Yehudit Bronicki – 21,308 shares, Dan Falk – 21,308 shares, Eliezer Tokman – 19,776 shares, Prof. Shimon Ullman – 134,663 shares, Arie Weisberg – 69,381 shares, Avner Hermoni – 11,570 shares, Michael Anghel – 28,568 shares, Joseph Tenne – 8,425 shares, Miron Kenneth – 1,825 shares – all of whom serve as directors of the Company; and Asher Levy – 105,095 shares, who is the Company’s CEO (the “**Additional Shareholders**”).



---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 1.4.6. The Richter Couple, Yochai Richter, Clal (for the Nostro Shares), Renaissance and the Additional Shareholders shall be hereinafter jointly referred to as: the “**Interested Parties**”.

**Public shareholders and/or the Interested Public**

- 1.4.7. Orbotech’s remaining shareholders, each holding less than 5% of the Company’s share capital, purchased their shares after their listing and are not controlling shareholders, as this term is defined in Section 3(i) of the Income Tax Ordinance [New Version], 5721-1961 (the “**Ordinance**”) and are not Interested Parties as stated in Section 1.4.6 above (the “**Public Shareholders**” and/or “**Interested Public**”). For the sake of good order, it is noted that this Tax Ruling treats the Interested Parties and the Interested Public according to their rate of holdings of Company shares on the Closing Date (as defined in Section 1.10 below).
- 1.5. The Company’s shares are held in the following manner:
- 1.5.1. The Company’s shares which are traded on the NASDAQ are listed with American Stock Transfer & Trust Company LLC, an American transfer agent (the “**Transfer Agent**”).
- 1.5.2. Most of the shares which are traded on the NASDAQ were purchased through foreign brokers (the “**Foreign Brokers**”) and are held through the Transfer Agent in the name of the Foreign Brokers. Some of the shares which are traded on the NASDAQ are registered directly in the name of the shareholders with the Transfer Agent, such that these shareholders hold their shares directly vis-à-vis the Transfer Agent.
- 1.5.3. Some of the shares which are traded on NASDAQ were purchased through stock exchange members in Israel and/or Israeli financial institutions (through Foreign Brokers or directly) (hereinafter, jointly: “**TASE Members**”) and are held through the Transfer Agent in the name of the Foreign Brokers and/or in the name of TASE Members.
- 1.6. In addition, the Company granted rights to employees and officers as follows:
- 1.6.1. To employees and/or officers and/or advisors of the Company who are not “controlling shareholders” as defined in Sections 32(9) and 102 of the Ordinance, and who are residents of Israel (the “**Employees**”), the Company granted equity compensation, as outlined in Section 102 of the Ordinance, on the capital gains with a trustee track (“**Capital Gains 102 Rights Holders**”),

---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

pursuant to the Company's option plans of 2000<sup>1</sup>, 2003, 2010 and 2015, which were submitted for the approval of the tax assessor for large enterprises as a plan for the allotment of options on a capital gains track pursuant to Section 102(b)(3) of the Ordinance (the "**Option Plans**"). As of the date herein, the trustee for the Option Plans is IBI Capital Compensation and Trusts (2004) Ltd. (the "**102 Trustee**").

- 1.6.2. In addition, the Company has allotted to officers (who at certain times were deemed controlling shareholders) and/or to advisors of the Company, by virtue of the Option Plans, equity compensation under Section 3(i) of the Ordinance ("**3(i) Rights Holders**"). Accordingly, the 102 Trustee currently holds, for the 3(i) Rights Holders, the following grants under Section 3(i) of the Ordinance:
- 1.6.2.1. Options to purchase shares of the Company ("**3(i) Options**").
  - 1.6.2.2. Restricted share units (RSUs) of the Company ("**3(i) Restricted Share Units**").
  - 1.6.2.3. Shares deriving from the exercise of 3(i) Options, from the vesting of 3(i) Restricted Share Units and the expiry of the restriction period of the restricted shares which were allotted under Section 3(i) ("**3(i) Shares**").
- 1.6.3. Furthermore, the Company has granted to employees and officers in foreign-resident companies controlled thereby (some of whom act as service providers to such companies), who are foreign residents ("**Foreign-Resident Employees**"), non-tradable options exercisable into ordinary shares of the Company, Restricted Share Units (RSUs) and restricted shares ("**Foreign-Employee Options**").
- 1.7. KLA-Tencor Corporation is a company incorporated in the State of Delaware, U.S.A., which shares are listed on the NASDAQ, all under the symbol KLAC ("**KLA**" and/or the "**Acquiring Company**"). KLA indirectly holds two Israeli-resident companies, KLA-Tencor Integrated Metrology (Israel) (2002) Ltd. and KLA-Tencor Corporation (Israel) (hereinafter, jointly: the "**Subsidiaries**").
- 1.8. KLA engages in the manufacturing, equipment, controls and inspection of the microchip industry.

---

<sup>1</sup> It is noted that the 2000 plan was based upon the version of Section 102 of the Ordinance that existed prior to Amendment 132.

---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 1.9. On March 18, 2018, a merger agreement (the “**Merger Agreement**”), was executed between the Company of the first part and the Acquiring Company and Tiburon Merger Sub Technologies Ltd., P.C. 515816270, a private company incorporated in Israel, wholly owned, directly or indirectly, by KLA (the “**Target Company**”). **It is already emphasized that the merger does not constitute a merger as defined in Section 103 of the Ordinance which is entitled, upon the fulfilment of the conditions stipulated in Part E2 of the Ordinance, to the benefits and conditions which are determined in the second chapter of Part E2 of the Ordinance, and therefore, the use of the term merger in this context refers to a transaction in which KLA has in fact purchased, directly or indirectly, all of the shares of Orbotech, i.e. a share purchase transaction.**
- 1.10. Pursuant to the Merger Agreement, a reverse triangular merger<sup>2</sup> will be carried-out (the “**Merger**” or the “**Transaction**”), by which upon the completion of the Merger, the Target Company would merge into and with the Company (as the surviving company in the merger), and be wound-up pursuant to Section 323 of the Companies Law. As a result of the Merger, the Company would become a wholly-owned subsidiary (indirectly, held through the Subsidiaries) of KLA, and the Company’s shares would be delisted from the NASDAQ. A summary chart of the relevant holding structure specifying the Transaction is attached as **Annex A**. The closing of the Merger is expected to be carried-out subject to the fulfillment of various preliminary conditions which are anticipated to be satisfied during the first quarter of 2019 (the “**Closing Date**”). It is noted that the Company’s shareholders approved the Transaction and the Merger Agreement on July 12, 2018. It is further noted that until the Closing Date, the Company’s shares will continue to be traded on the NASDAQ.
- 1.11. It is noted that for the purpose of the purchase of the Company’s shares, the Acquiring Company will provide no debt to the Target Company and/or to the Company and/or to a subsidiary held directly or indirectly by Orbotech.
- 1.12. Pursuant to the Merger Agreement, the consideration for a single share of the Company (the “**Entitling Share**”) to be paid to all the entitled Rights Holders in the Company, as specified in Sections 1.4 and 1.6 above (hereinafter, jointly: the “**Entitled Shareholders**”) on the Closing Date shall be as follows:
- 1.12.1. A cash payment of U.S. \$38.86, without added interest and net of applicable taxes (“**Cash Consideration**”); and

---

<sup>2</sup> Pursuant to Sections 314 to 327 of the Companies Law, 5759-1999 (the “**Companies Law**”).

---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 1.12.2. 0.25 of a common share of the Acquiring Company (“**Stock Consideration**”);
- 1.12.3. The Acquiring Company will not allot fractional shares, and insofar as an Entitled Shareholder of the Company is entitled to receive fractional shares of the Acquiring Company, he will receive a cash amount *in lieu* thereof, which shall be equal to the product of multiplying: (1) the relative portion in the Acquiring Company’s share; by (2) the average of the closing prices of the Acquiring Company’s share on the NASDAQ in the ten days preceding the Closing Date (it is clarified that the term “Cash Consideration” includes both the cash payment described in Section 1.12.1 above and the payment for fractional shares described in this Section).
- 1.12.4. The Cash Consideration and the Stock Consideration shall hereinafter jointly be referred to as: the “**Transaction Consideration**”.
- 1.13. According to the provisions of the Merger Agreement, no payment shall be paid for shares held by the company as treasury shares, as specified in Section 1.3 above.
- 1.14. The Transaction Consideration for Employees and officers shall be as follows:
- 1.14.1. The Transaction Consideration shall be granted to Capital Gains 102 Rights Holders whose rights shall have vested on the Closing Date, including options that were allotted under Section 102 of the Ordinance (net of the exercise price, if any), Restricted Share Units (RSUs) and restricted shares in respect of which the restriction period shall have expired, as well as shares deriving therefrom, and to 3(i) Rights Holders whose rights shall have vested on the Closing Date, including options that were allotted under Section 3(i) of the Ordinance (net of the exercise price, if any), Restricted Share Units (RSUs) and restricted shares in respect of which the restriction period shall have expired as well as shares deriving therefrom, all subject to the provisions of the Merger Agreement.
- 1.14.2. The Foreign-Resident Employees who hold vested options or vested rights to Restricted Share Units or restricted shares in respect of which the restriction period shall have expired, shall be entitled to receive the Transaction Consideration, pursuant to the instructions and adjustment set forth in the Merger Agreement in respect of the aforesaid options and rights to restricted shares.

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 1.14.3. Foreign-Employee Options, the contractual vesting date of which shall have not yet passed on the Closing Date will be assumed by KLA and converted into options for the purchase of KLA shares and/or KLA Restricted Share Units as the case may be<sup>3</sup>.
- 1.15. It is noted that the Transaction Consideration will be transferred from the Acquiring Company or anyone on its behalf to the Transfer Agent (as defined in Section 1.5.1 above). The Acquiring Company will appoint IBI Trusts Management P.C. 515020428, withholding file no. 936080233, which will be responsible for the deduction of withholding tax, insofar as applicable, from the Transaction Consideration (the “**Israeli Paying Agent**” or the “**Tax Trustee**”).
- 1.16. The Transaction Consideration will be paid to the Company’s Entitled Shareholders through the Transfer Agent and/or the Company as follows:
- 1.16.1. For shareholders whose shares are listed on the NASDAQ – the Transaction Consideration will be transferred to shareholders whose shares are listed on the NASDAQ through the Foreign Brokers or directly by the Transfer Agent. It is noted that part of the aforesaid Transaction Consideration will be transferred through the Foreign Brokers to the TASE Members and/or Israeli Banks for shareholders who are residents of Israel and who hold their shares through them. If the shares are directly held by a TASE Member, the consideration shall be transferred directly thereto by the Transfer Agent.
- 1.16.2. For Foreign-Resident Employees – the Transaction Consideration shall be transferred to the Company and the Company will transfer the Transaction Consideration to the Foreign-Resident Employees through its subsidiaries, as the case may be.
- 1.16.3. For Capital Gains 102 Rights Holders and 3(i) Rights Holders – the Transaction Consideration shall be transferred to the 102 Trustee, who will transfer it to such Rights Holders.
- 1.17. It is noted that the taxation method of the Cash Consideration which is paid to Capital Gains 102 Rights Holders as per Section 1.6.1 above and holder of 3(i) Options and 3(i) Restricted Share Units as per Sections 1.6.2.1 and 1.6.2.2. above was arranged on October 7, 2018 by a separate tax ruling, as part of an application made to the Employees Option Taxation Department, the Professional Division of the Tax Authority.

---

<sup>3</sup> According to the terms and conditions set forth in the Merger Agreement.

---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 1.18. Furthermore, the taxation method with respect to the Stock Consideration to be paid to Capital Gains 102 Rights Holders, 3(i) Rights Holders and also to Public Shareholders, excluding Entitled Shareholders who are not residents of Israel, who prior to the share-exchange transaction are not controlling shareholders in the Company as defined in Section 3(i)(1)(c) of the Ordinance, is to be determined by a separate tax ruling – “Interested Public” Tax Ruling (ruling no. 20180544/2), to be issued by the Mergers & Splits Department of the Tax Authority (“**Interested Public Tax Ruling**”). In addition, the taxation method with respect to the Stock Consideration to be paid to Interested Parties is to be determined by a separate tax ruling – “Interested Parties” Tax Ruling (ruling no. 20180544/1), to be issued by the Mergers & Splits Department of the Tax Authority (“**Interested Parties Tax Ruling**”).
- 1.19. The companies participating in the share-exchange transaction are not a land corporation, in the meaning afforded to this term in the Land Taxation Law (Appreciation and Purchasing), 5723-1963.
- 1.20. KLA’s subsidiaries and the Company are subject to the provisions of the Encouragement of Capital Investments Law, 5719-1959.

2. **The application**

Determination of the tax withholding arrangement that will apply to the Paying Agent and the Acquiring Company or anyone on its behalf in respect of the consideration to be paid in the framework of the Transaction on the Closing Date.

3. **The requested tax withholding arrangement**

Subject to the veracity of **all** the facts which were presented to us, both orally and in writing, as specified in Section 1 above and in your above referenced application, I hereby inform you as follows:

- 3.1. The transfer of the Transaction Consideration from the Acquiring Company, the Subsidiaries and/or anyone on behalf of KLA to the Transfer Agent and/or the Company and/or the 102 Trustee will be exempt from tax withholding.
- 3.2. The withholding of tax for the Transaction Consideration paid to the Israeli-resident Entitled Shareholders within the Merger transaction shall be pursuant to section 164 of the Ordinance and according to the rates which are specified in the Income Tax Regulations (Deduction from Consideration, Payment or Capital Gains in the Sale of Securities, the Sale of a Unit in a Trust Fund or a Forward Transaction), 5763-2002 (“**Tax Withholding Regulations**”) and subject to this Tax Ruling.
- 3.3. It is clarified that in respect of the Stock Consideration paid to shareholders under Sections 1.16.1 and 1.16.3, the Interested Public Tax Ruling and the Interested Parties Tax Ruling shall apply with respect to Israeli residents.

---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 3.4. **Payment of the Cash Consideration to the Entitled Shareholders through TASE Members** – the Transfer Agent through its representative or the Israeli Paying Agent will transfer the Cash Consideration through the Foreign Brokers or directly to TASE Members for the Entitled Shareholders other than Interested Parties, with a notice to the effect that gross Cash Consideration is being transferred, from which no tax has been withheld. The TASE Members will be responsible for the deduction of withholding of tax pursuant to the Ordinance and to the rates specified in the Tax Withholding Regulations. The aforesaid transfer will be made after the declaration of such TASE Member on the form which is attached hereto as Annex B is confirmed by the Tax Trustee.
- 3.5. **Payment of the Transaction Consideration to the Entitled Shareholders through the Foreign Brokers or directly through the Transfer Agent** – the Transaction Consideration which is paid to shareholders whose shares are held by the Foreign Brokers (other than shareholders holding through TASE Members through Foreign Brokers), or directly through the Transfer Agent according to Section 1.16.1, other than Interested Parties, will be split according to the identity of the selling shareholder, and the following provisions shall apply:
- 3.5.1. The transfer of the Transaction Consideration to the Entitled Shareholders shall be exempt from withholding tax, subject to a declaration of the recipient of the Transaction Consideration, on the form attached hereto as **Annex B**, which was reviewed and approved by the Tax Trustee, as follows:
1. He is not an Israeli resident.
  2. He holds no more than 5% of the Company's share capital.
  3. He is a beneficial owner of the Company's shares.
  4. He purchased his shares after their listing on the stock exchange, and on the purchase date was not an Israeli resident.
- In other words:
- (1) He is the legal and economic beneficiary of the rights deriving from the shares of the Company.
  - (2) With respect to shareholders who are not individuals: it has real operations, and is not merely a pass-through company, through which another party holds the Company's shares in order to reduce or avoid tax payment in Israel, and such shareholder has additionally provided a certificate from the tax authorities of its country of tax residency (other than Israel), confirming that its tax residency is in that country.

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

After the receipt of the forms and their review by the Tax Trustee as aforesaid, the Transfer Agent, through its representative or the Tax Trustee, will transfer the full Transaction Consideration to those entitled thereto, together with a notice to the effect that gross consideration is being transferred, from which no tax was withheld.

- 3.6. **Payment of the Transaction Consideration to Foreign-Resident Employees** – the Transaction Consideration which is transferred by the Company to its subsidiaries for Foreign-Resident Employees (as per Sections 1.6.3 and 1.16.2 above) who have declared their residency and entitlement to exemption on the form attached hereto as **Annex C**, which was reviewed and confirmed by the Israeli Paying Agent, shall be exempt from withholding tax for Foreign-Resident Employees and/or the Company's Subsidiaries, as the case may be.
- 3.7. The exemption from tax withholding from the Transaction Consideration in respect of all Foreign Entitled Shareholders who are exempt from tax withholding in Israel, as stated in Sections 3.5 and 3.6 above, will apply, provided that a notice by the Tax Trustee was attached, to the effect that gross consideration was transferred, from which no tax was withheld and subject to all of the following conditions:
- 3.7.1. An individual holder of the transferred shares and/or the Foreign-Resident Employee shall present a foreign-resident passport.
- 3.7.2. A holder of the transferred shares and/or the Foreign-Resident Employee whose paid Transaction Consideration exceeds \$100,000 shall produce a residency confirmation certified by the tax authorities of the foreign country.
- 3.8. From the Transaction Consideration which is paid to the remaining Entitled Shareholders (including with respect to 3(i) Shares and 3(i) Restricted Share Units for which tax was paid as an ordinary income) and from the Transaction Consideration which is paid to the remaining Foreign-Resident Employees (those who have not produced the form of declaration as aforesaid), the Tax Trustee shall deduct withholding tax at the rate prescribed by the Withholding Tax Regulations, or according to a valid tax withholding certificate issued by the Assessing Officer or the Professional Division of the Tax Authority with respect to the rate of tax withholding from transactions in the capital market or in accordance with the instructions of any other tax ruling issued by the Tax Authority<sup>4</sup>. Therefore, the Transfer Agent and/or the Tax Trustee will transfer the said consideration, net of tax, to those entitled thereto, together with a notice

---

<sup>4</sup> Including in accordance with a tax ruling that will be issued as per Section 1.18 above.



---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

whereby the consideration is net, after tax withholding, as the case may be. In respect of Stock Consideration which is paid to the Interested Public and the Interested Parties, the provisions of the Interested Public Tax Ruling or the Interested Parties Tax Ruling shall apply (as the case may be).

- 3.9. From the Cash Consideration transferred to the Interested Parties (including with respect to 3(i) Shares and 3(i) Restricted Share Units for which tax was paid as an ordinary income), the Tax Trustee shall deduct withholding tax at the rate prescribed by the Tax Withholding Regulations and/or pursuant to a valid tax withholding certificate issued by the Assessing Officer or the Professional Division of the Tax Authority with respect to the tax withholding rate on transactions in the capital market or in accordance with the instructions of any other tax ruling or certificate issued by the Tax Authority, whereas with respect to the Stock Consideration the provisions of the Interested Public Tax Ruling or the Interested Parties Tax Ruling shall apply (as the case may be). Therefore, the Transfer Agent and/or the Tax Trustee will transfer said Cash Consideration, net of tax, to those entitled thereto, together with a notice whereby the consideration is net, after tax withholding, as the case may be.
- 3.10. For purposes of submission of the residency confirmations as per Sections 3.5.1, 3.6 and 3.7 above, the transfer of the tax withholding funds to the Assessing Officer in respect of such shareholders shall be within 60 days from the date set forth in Regulation 12 of the Tax Withholding Regulations, and it will carry interest and linkage differentials as defined in Section 159A of the Ordinance, from the date set forth in Regulation 12 until their actual payment to the Assessing Officer, without penalties.

The Tax Trustee will transfer to shareholders for whom tax was withheld from the Cash Consideration a tax withholding certificate pursuant to the Income Tax Regulations (Tax Withholding Certificate), 5741-1980.

- 3.11. The deduction of withholding tax will be carried out through the Tax Trustee, and with respect to payments made to all of the Entitled Shareholders according to this Tax Ruling and the Merger Agreement, it will be the “debtor” as this term is defined in the Tax Withholding Regulations (including in respect of payments made by KLA, the Subsidiaries or anyone on its behalf) and it will be fully responsible for the deduction of withholding tax pursuant to the Tax Ruling and the transfer thereof to the Assessing Officer, subject to the provisions of the Tax Withholding Regulations, other than with respect to the consideration which is transferred to the TASE Members as specified in Section 3.4 above, in which case the responsibility for the deduction of withholding tax shall be assigned to the TASE Members and all according and subject to the provisions of the Tax Withholding Regulations.

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 3.12. The tax withholding shall be carried out according to this Tax Ruling (all subject to the provisions of this Tax Ruling or the Interested Public Tax Ruling as defined above or the Interested Parties Tax Ruling as defined above), at the time of transfer of the Cash Consideration pursuant to the Merger Agreement and according to the provisions of Section 1.16 above.
- 3.13. It is clarified that the calculation method of the original price of the Entitling Shares, with respect to Section 104H(b)(1A)(b) of the Ordinance, shall be as follows:

The exchange as per Section 1.12 shall be deemed as a sale of part of the Entitling Shares which are being exchanged in consideration for cash which was received by the Entitled Shareholders under an agreement.

In this respect, “part of the exchanged Entitling Shares” shall be determined according to the ratio between the Cash Consideration and the Cash Consideration together with the Stock Consideration that were received within the Merger (the Transaction Consideration), multiplied by the number of securities of the Entitling Shares held by the Entitled Shareholder (the “**Sold Entitling Shares**”).

The calculation formula regarding considerations received by an Entitled Shareholder:

A – Cash Consideration

B – Stock Consideration—the value of 0.25 of a share of KLA common stock which was received according to the average of 30 trading days preceding the Closing Date

C – the number of the Company’s securities held by an Entitled Shareholder

$$\left[ \frac{A}{(A+B)} \right] \times C = \begin{array}{l} \text{the number of Entitling Shares sold by an} \\ \text{Entitled shareholder in exchange for cash} \end{array}$$

For the capital gains calculated in the sale of the Sold Entitling Shares, tax shall be withheld from the consideration on the exchange date, pursuant to the Tax Withholding Regulations. It is noted that in calculating the gains due to the Cash Consideration, the original price to be attributed to the Cash Consideration shall be the original price of the Sold Entitling Shares while first attributing the cost of the first layers of the Sold Entitling Shares, in the FIFO method. The total cost of the Entitling Shares net of the cost which was attributed to the Sold Entitling Shares shall be attributed to the KLA shares which were received as per Section 1.12.2, of the Interested Public Tax Ruling and the Interested Parties Tax Ruling as defined in Section 1.18.

---

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 3.14. The amount of tax so withheld shall be transferred to the Assessing Officer through the Tax Trustee or the TASE Members, all according to the provisions of the Tax Withholding Regulations, and subject to Section 3.10 above.
- 3.15. It is emphasized that the aforesaid tax arrangement is for purposes of withholding tax only and does not exhaust the final tax liability of all of the Shareholders, including the Public Shareholders. This Tax Ruling shall not derogate from the entitlement of a Public Shareholder, who considers itself as entitled to such tax refund, to contact the Assessing Officer directly in order to receive the sum of the tax that was withheld and transferred to the withholding Assessing Officer. It is clarified that the aforesaid shall be carried-out only through the filing of a report, as per its meaning in Section 131 of the Ordinance, to the Assessing Officer. It is clarified that the aforesaid shall not derogate from the powers conferred by the Ordinance on the Assessing Officer.

**General provisions**

- 3.16. It is clarified that the tax arrangement does not determine the classification of the tax event and/or the classification of the income and/or the amount of the income and its nature for all of the Entitled Shareholders. It is emphasized that this Tax Ruling shall not determine the tax treatment on the Company's books. Nothing in this Tax Ruling constitutes making an assessment for the Company, nor will it limit the Assessing Officer in making the assessment, including with respect to implications deriving from the aforesaid Transaction in respect of the Encouragement of Capital Investments Law, other than in respect of and subject to the tax withholding issues which were regulated herein.
- 3.17. For the avoidance of doubt, it is hereby clarified and agreed that nothing in this Tax Ruling constitutes making an assessment in any manner for any body and/or confirmation of the facts and/or values and/or acts and/or transactions and/or data which were presented by you, issues which may be inspected by the Assessing Officer.
- 3.18. For the avoidance of doubt, it is hereby clarified and agreed that this certificate shall not derogate from and/or limit in any way the powers of the Assessing Officer and/or the Tax Authority, pursuant to the provisions of the Ordinance and under any law.
- 3.19. It is agreed that nothing in this Tax Ruling shall determine the classification of the income upon the sale of the allotted shares by the Entitled Shareholders, for all intents and purposes. Such classification shall be checked by the relevant Assessing Officers.

[Letterhead of the Israel Tax Authority – Professional Division – Employee Options Taxation Department]

- 3.20. For the avoidance of doubt it is clarified and agreed that this Tax Ruling pertains to the granting of a tax withholding certificate in a merger agreement, and nothing in this Tax Ruling constitutes any confirmation of the outline of the transaction, including the reverse triangular merger as specified in Section 1.9 above, and this Tax Ruling shall in no way limit and/or prejudice the rights of the Assessing Officer and/or the Tax Authority, and their claims in this respect or otherwise, including with respect to the making of assessments, withholding, classification of the transaction, determination of residency and everything deriving therefrom.
- 3.21. For the avoidance of doubt, it is clarified and agreed that nothing in this Tax Ruling constitutes any confirmation of the content of Section 1.12 regarding the Transaction Consideration, the determination of residency and the manner of transfer of the merger considerations, issues which may be examined by the Assessing Officer and/or the Tax Authority. Furthermore, nothing in this Tax Ruling constitutes any confirmation regarding compliance with the provisions of Section 85A of the Ordinance and the regulations promulgated thereunder, an issue which may be examined by the Assessing Officer and/or the Tax Authority.
- 3.22. This Tax Ruling is issued subject to the veracity of all the facts, details and data as the same were presented by you, and subject to being provided with all relevant details, including those which appear in this Tax Ruling. The Tax Authority may cancel this Tax Ruling, in whole or in part, immediately or retroactively, should it transpire that the details provided are incorrect and/or that material details were suppressed.
- 3.23. Nothing in this Tax Ruling constitutes making an assessment and/or approval for the facts as the same were presented by you. The facts that were presented as aforesaid shall be examined by the relevant Assessing Officer during the assessment deliberations.
- 3.24. The aforesaid shall not bind the Capital Market, Insurance and Savings Division in the Ministry of Finance, the Bank of Israel, another tax authority or any other body.
- 3.25. The Company, the Acquiring Company and the Tax Trustee undertake to transfer to the Professional Division of the Tax Authority and to the Assessing Officer, within 30 days from the issue of this Tax Ruling, a letter in which they confirm the acceptance of all terms and conditions of the Tax Ruling, verbatim and with no reservation. If such letter is not received within the said time, this Tax Ruling shall be deemed as a non-agreed tax ruling, and all the instruction with respect to the tax withholding shall be deemed as retroactively void.

Sincerely,

Assi Mazuz, C.P.A.

Director Companies National Supervisor

**cc:**

Mr. Roland Am-Shalem, C.P.A. (L.L.M.) – Senior VP for Professional Affairs  
Mr. Avi Bachar, C.P.A. – AOLE  
Mrs. Meirav Tzidkiyahu – Rehovot Assessing Officer  
Mrs. Na'ama Shuan, C.P.A. (Adv.) – Senior Director (Capital Market)  
Mrs. Daniela Shay, Adv. – Legal Counsel Capital Market Department

### Orbotech Receives Israel Tax Authority Withholding Tax Ruling

**Yavne, Israel, January 31, 2019** | Orbotech Ltd. (NASDAQ: ORBK), a leading global supplier of yield-enhancing and process-enabling solutions for the manufacture of electronics products, announced today that it has received, in connection with the pending merger transaction between Orbotech and KLA-Tencor Corporation (“**KLA-Tencor**”), a ruling from the Israel Tax Authority (the “**ITA**”) relating to the withholding of Israeli tax applicable to the merger consideration payable to its shareholders and to its employees who are not residents of Israel.

Orbotech has also applied for rulings from the ITA with respect to a deferral of the obligation of Orbotech shareholders who are Israeli tax residents, to pay Israeli tax on the exchange of Orbotech shares for KLA-Tencor common stock. If and when received, Orbotech will issue a press release and submit a Form 6-K or other documents to the Securities and Exchange Commission (the “**SEC**”) disclosing the details of any such ruling.

For further information on the withholding tax ruling issued by the ITA, please refer to Orbotech’s Report on Form 6-K dated January 31, 2019, SEC file number 000-12790.

###

#### About Orbotech Ltd.

Orbotech Ltd. is a leading global supplier of yield-enhancing and process-enabling solutions for the manufacture of electronics products. Orbotech provides cutting-edge solutions for use in the manufacture of printed circuit boards (PCBs), flat panel displays (FPDs), and semiconductor devices (SDs), designed to enable the production of innovative, next-generation electronic products and improve the cost effectiveness of existing and future electronics production processes. Orbotech’s core business lies in enabling electronic device manufacturers to inspect and understand PCBs and FPDs and to verify their quality (‘reading’); pattern the desired electronic circuitry on the relevant substrate and perform three-dimensional shaping of metalized circuits on multiple surfaces (‘writing’); and utilize advanced vacuum deposition and etching processes in SD and semiconductor manufacturing (‘connecting’). Orbotech refers to this ‘reading’, ‘writing’ and ‘connecting’ as enabling the ‘Language of Electronics’. For more information, visit [www.orbotech.com](http://www.orbotech.com)

#### Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements as defined in the Securities Exchange Act of 1934 and is subject to the safe harbors created therein. These forward-looking statements involve risks and uncertainties that could significantly affect the expected results of the proposed transaction and are based on certain key assumptions. Due to such uncertainties and risks, no assurances can be given that such expectations will prove to have been correct, and readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. The forward-looking statements contained herein include, but are not limited to, the manner in which the parties plan to effect the transaction, including the share repurchase program; the ability of KLA-Tencor to raise additional capital necessary to complete the repurchase program within the time frame expected; the expected benefits, synergies and costs of the transaction; management plans relating to the transaction; the expected timing of receipt of antitrust approval in China and the completion of the transaction; the parties’ ability to complete the transaction considering the various closing conditions, including conditions related to regulatory approvals; the ability of Orbotech to obtain certain rulings from the Israel Tax Authority in connection

---

with the merger consideration in Israel; the plans, strategies and objectives of management for future operations; product development, product extensions, product integration, complementary product offerings and growth opportunities in certain business areas; the potential future financial impact of the transaction; and any assumptions underlying any of the foregoing. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to the possibility that expected benefits of the transaction may not materialize as expected; that the transaction may not be timely completed, if at all; or that KLA-Tencor may not be able to successfully integrate the solutions and employees of the two companies or ensure the continued performance or growth of Orbotech's products or solutions.

In addition, other risks that KLA-Tencor faces include those detailed in KLA-Tencor's filings with the SEC, including KLA-Tencor's annual report on Form 10-K for the year ended June 30, 2018 and subsequent SEC filings. Other risks that Orbotech faces include those detailed in Orbotech's filings with the SEC, including Orbotech's annual report on Form 20-F for the year ended December 31, 2017 and subsequent SEC filings. The Company is subject to the foregoing and other risks detailed in those reports. The Company assumes no obligation to update the information in this report to reflect new information, future events or otherwise, except as required by law.

#### **Additional Information and Where to Find It**

This press release is provided in respect of a proposed business combination involving KLA-Tencor and Orbotech. This report does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for any securities or a solicitation of any vote or approval nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation, sale, issuance or transfer would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed transaction was submitted to the shareholders of Orbotech for their consideration through the proxy statement/prospectus described below. On May 16, 2018, KLA-Tencor filed with the SEC a Registration Statement on Form S-4 (the "Registration Statement") that included a preliminary proxy statement/prospectus with respect to Orbotech in connection with the merger of an indirect subsidiary of KLA-Tencor with and into Orbotech, with Orbotech surviving, and with respect to KLA-Tencor's common stock to be issued in the proposed transaction. The Registration Statement was amended and declared effective on June 7, 2018, a copy of the final proxy statement/prospectus contained therein was first made available to Orbotech shareholders on June 7, 2018 and was mailed to Orbotech shareholders on or about June 15, 2018 and the Extraordinary General Meeting of shareholders of Orbotech was held on July 12, 2018. KLA-Tencor and Orbotech also plan to file other documents with the SEC regarding the proposed transaction.

This press release is not a substitute for any prospectus, proxy statement or any other document that KLA-Tencor or Orbotech has or may file with the SEC in connection with the proposed transaction. Investors and security holders of KLA-Tencor and Orbotech are urged to read the proxy statement/prospectus and any other relevant documents that will be filed with the SEC carefully and in their entirety when they become available because they will contain important information about the proposed transaction.

You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website ([www.sec.gov](http://www.sec.gov)). In addition, investors and security holders will be able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by KLA-Tencor on KLA-Tencor's Investor Relations page (<http://ir.kla-tencor.com>) or by writing to KLA-Tencor Corporation, Investor Relations, 1 Technology Drive, Milpitas, CA 95035 (for documents filed with the SEC by KLA-Tencor), or by Orbotech on Orbotech's Investor Relations page ([investors.Orbotech.com](http://investors.Orbotech.com)) or by writing to Orbotech Ltd., Investor Relations, 7 Sanhedrin Boulevard, North Industrial Zone, Yavne 8110101 Israel (for documents filed with the SEC by Orbotech).

#### **Orbotech Company Contacts:**

Rami Rozen  
VP of Investor Relations  
Tel: +972-8-942-3582  
[Investor.relations@orbotech.com](mailto:Investor.relations@orbotech.com)

Tally Kaplan Porat  
Director of Corporate Marketing  
Tel: +972-8-942-3603  
[Tally-Ka@orbotech.com](mailto:Tally-Ka@orbotech.com)