



**THE FOUNDATION
FOR SECURE
MARKETS**

#44593

DATE: FEBRUARY 20, 2019

SUBJECT: ORBOTECH LTD. - CONTRACT ADJUSTMENT
OPTION SYMBOL: 2/20/19 – ORBK remains ORBK
2/21/19 – ORBK becomes KLAC1
DATE: 2/20/19

CONTRACT ADJUSTMENT

DATE: February 20, 2019

OPTION SYMBOL: 2/20/19 – ORBK remains ORBK (with adjusted deliverable described below)
2/21/19 – ORBK becomes KLAC1

STRIKE DIVISOR: 1

**CONTRACTS
MULTIPLIER:** 1

NEW MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 60 yields \$6,000.00)

**NEW DELIVERABLE
PER CONTRACT:**

- 1) 25 KLA-Tencor Corporation (KLAC) Common Shares, less withholdings, if any, as described in the ORBK/KLAC Joint Proxy Statement/Prospectus dated June 7, 2018 (“Proxy”)
- 2) \$3,886.00 Cash (\$38.86 x 100), less withholdings, if any, as described in the Proxy

CUSIP: KLAC: 482480100

PRICING

Until the final merger consideration is determined, the underlying price for KLAC1 will be determined as follows:

$$\text{KLAC1} = 0.25 (\text{KLAC}) + 38.86$$

DELAYED SETTLEMENT

OCC will delay settlement of the KLAC component and cash portion of the KLAC1 deliverable until the final merger consideration is determined. Upon determination of the final merger consideration, OCC will require

Put exercisers and Call assignees to deliver the appropriate number of KLAC shares and the appropriate cash amount.

BACKGROUND

On July 12, 2018, Shareholders of Orbotech Ltd. (ORBK) voted concerning the proposed merger with KLA-Tencor Corporation (KLAC). The merger was approved and subsequently consummated before the open on February 20, 2019. As a result, each existing ORBK Common Share will be converted into the right to receive 0.25 KLAC Common Shares plus \$38.86 Cash, with cash and shares potentially subject to Israeli withholding tax as described in the ORBK/KLAC Joint Proxy Statement/Prospectus dated June 7, 2018 (“Proxy”).

NOTE: As stated in the Proxy, Orbotech Ltd. (ORBK) has submitted an application to the Israeli Tax Authority for a withholding ruling and requested that non-Isareli shareholders be exempt from withholding, provided that the shareholder provide the designated agent with the appropriate tax declaration regarding residency and satisfies other conditions as stated in the Proxy. Investors are referred to the ORBK/KLAC Proxy for a complete discussion of relevant tax considerations. As indicated in this memo, the deliverable of KLAC1 options will be based on the merger consideration net of applicable withholding taxes, if any.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.