

ORBOTECH LTD. GENERAL PURCHASING TERMS AND CONDITIONS

1. General Provisions - Acceptance

The purchase order, together with these terms and conditions (collectively, the "Order") is an offer by Orbotech Ltd. ("Orbotech") to purchase from the supplier named in the purchase order ("Supplier") the items described in the purchase order. Acceptance of the Order shall be deemed given by Supplier upon the earlier of acceptance, confirmation, shipment or other performance. The Order is expressly limited to the terms and conditions set forth herein and in the purchase order and is conditioned upon Supplier's complete acceptance of the Order without modifications or additions. Unless specifically agreed to in writing by an authorized representative of Orbotech, the terms hereof shall govern and no additional or different terms or provisions (except additional warranties given by Supplier) of any quotation, invoice, acknowledgment or other form supplied by Supplier shall become part of the Order, notwithstanding failure by Orbotech to object to such term or provision, although the parties may use such documents for ease of administration.

2. Delivery – Acceptance of Delivery

Supplier shall manufacture and deliver the goods and/or services at the time and prices specified in the Order ("Supply"). Stated time limits and quantity commitments are of the essence. Supplier's failure to comply with such requirements shall entitle Orbotech, in addition to any other rights or remedies, to cancel the Order, without liability. The date of delivery is the date the Supply is received at Orbotech's designated delivery point. No early deliveries may be made without Orbotech's prior written agreement.

Orbotech may choose to follow the following blanket-agreement procedure:

2.1 Orbotech issues blanket-agreement form including all commercial information other than delivery dates and quantities for each delivery. Upon receipt of the blanket-agreement form Supplier shall commence procurement/production of the products at the entire quantity set in the blanket-agreement form.

2.2 Actual shipment can be done only against a purchase order (order-release) placed by Orbotech and according to the delivery date designated on the order-release.

2.3 Supplier shall ensure that the first Supply of the products (at any required quantity, not exceeding blanket-agreement quantity) may be executed within the product's lead-time from blanket-agreement entry date.

2.4 Order-releases may be placed by Orbotech according to its production plans. Supplier shall hold WIP (work-in-progress) to ensure delivery within the agreed reduced lead time from order-release entry date.

2.5 Orbotech will be liable to purchase products meeting specifications, within 18 months from the blanket-agreement delivery date, in an amount not exceeding balance of blanket-agreement quantity.

2.6 If Orbotech cancels part of the blanket-agreement and/or corresponding order-releases, Orbotech shall pay Supplier for WIP, at Supplier's cost, up to the time at which Supplier received the notice of cancellation.

3. Modifications

Orbotech reserves the right to change the volumes, delivery dates, and/or the nature of the Supply at any time. Any decreases in cost of performance shall be passed through to Orbotech. If such change results in an increase in cost or time of performance, an equitable adjustment to the price and/or delivery date may be made by mutual agreement. If Orbotech and Supplier are unable to agree on an equitable adjustment, Orbotech may, at its option, terminate all or any portion of the Order without liability. Claims for equitable adjustment must be asserted by Supplier within ten calendar days of the change to the Order.

4. Packaging and Documentation

Supplier shall package all goods adequately for shipment, storage and preservation, and shall comply with Orbotech's GEN-00013-TS - Specification for Packaging, Storage and Shipping. In the event that Orbotech has designated specially-designed packaging for a specified item, Supplier shall use such packaging. Supplier shall ship all goods together with all documentation required for its use, maintenance and upkeep.

5. Shipping

Upon shipment of goods, Supplier shall send to Orbotech, by EDI, email, fax or mail, a copy of the shipping notification including the references and date of the Order, the number of parcels, an exact description of the shipped goods and all documentation necessary to import and to export such goods. Unless otherwise provided in the Order, all deliveries shall be FOB for local suppliers and Ex-Works (Incoterms 2011) for global suppliers

6. Invoicing

Invoices shall be sent to the address in the Order and shall include Orbotech references and a description of the Supply invoiced, the unit prices in the Order's currency, volumes delivered, packing list, certificate of Origin for USA, Euro 1/declaration, and such other information required by Orbotech from time to time. Orbotech reserves the right to suspend payment of any invoice which fails to comply with Orbotech requirements. If Orbotech has agreed to pay for costs of development these costs shall be presented in the first shipment invoice only, regardless of the agreed Order payment terms. The declared value in the invoice must include: (i) value of the Supply Orbotech needs to pay and (ii) total "value for customs only" to include all development costs as agreed in the Order.

7. Prices and Terms of Payment

Unless otherwise provided in the Order (i) all prices are firm and include all transportation, insurance, packaging expenses and taxes, duties, customs or assessments and (ii) standard payment terms are net 90 from the later of the date of the receipt of a complete invoice or Orbotech acceptance of the Supply. Supplier hereby authorizes Orbotech to set-off and deduct any and all liabilities, debts and claims Supplier or its affiliates owe to Orbotech. Orbotech shall have the right to audit the books, records and facilities of Supplier to review and confirm Supplier's financial condition as well as Supplier's compliance with the Order.

8. Assignment, Factoring of Accounts Receivables

Supplier shall not assign, transfer or factor all or any portion of its accounts receivable arising under the Order without at least 15 days prior written notice to and written authorization of Orbotech's accounts payable department. In the event Supplier shall notify Orbotech that it has entered into a factoring arrangement, Orbotech may pay invoices to the factoring company and such payment shall be deemed payment to Supplier.

9. Warranty

Without derogating from and in addition to Supplier's (or its suppliers') standard warranty and/or service guaranty, Supplier warrants the Supply against any design, manufacturing and/or defect for a period of no less than 12 months from delivery or, if an acceptance procedure is provided for, acceptance. Supplier further represents and warrants that (1) all goods and services: (i) are transferred to Orbotech with good and merchantable title and free and clear of all liens, claims and encumbrances; (ii) are of good quality, merchantable and free from defects in design, material and workmanship and are fit for the known purposes for which purchased; (iii) conform to Orbotech's specifications, the Order, and/or any sample approved Orbotech; and (iv) comply with all applicable federal, provincial, state, local or foreign statute, law, ordinance, rule, regulation, license, permit, authorization, registration, policy or order ("Governmental Laws"), including, without limitation, applicable industry codes and standards; and (2) Supplier has the requisite financial condition to fulfill the Order. The foregoing warranties shall survive delivery and payment, and shall run in favor of Orbotech and its customers. No payment, inspection, verification, acceptance, test, delay, use, resale or failure to inspect, verify, test or discover any defect or other nonconformance shall relieve Supplier of any of its obligations under the Order or impair any rights or remedies of Orbotech. If any Supplies are found by Orbotech to be unsatisfactory for any reason, Orbotech may, at its option: (i) retain all or any portion of the Supplied goods at an adjusted price; (ii) return the Supplied goods for repair, replacement or refund as Orbotech shall direct; (iii) require re-performance or refund with respect to services; (iv) repair such Supplied goods at Supplier's sole cost; and/or (v) require Supplier to repair or replace the Supplied goods in Orbotech's environment. In all cases, Orbotech shall be reimbursed by Supplier for all of its costs and expenses in connection with the handling and transporting of any unsatisfactory goods and additional costs and expenses incurred by Orbotech as a result of nonconformance of goods or services, including, without limitation, travel, rework, de-installation, re-installation, disposal, replacement or recall so that the Supplied goods operate in full compliance with the provisions of the Order and the use for which they are intended. Supplier shall assume all risk of loss or damage in transit to Supplied goods returned by Orbotech. Should Supplier fail to effectively comply with its warranty within 15 calendar days, Orbotech reserves the right to perform or to have any third party perform instead of Supplier at Supplier's sole expense. Any service furnished and/or any item replaced or repaired under this warranty are themselves guaranteed for 12 months under the abovementioned conditions; provided that any items/services with a normal lifecycle of less than 12 consecutive months are warranted for such life cycle.

10. Discontinuation; Spare Parts

If Supplier desires to discontinue the manufacture, or proposes any modification in the specifications of any product subject to the Order, Supplier shall provide no less than 12 months prior written notice to Orbotech in the form of PCN, PDN and such other information required by Orbotech from time to time, even if the Order has been completed or terminated for any reason. Orbotech shall have the opportunity during such notice period to purchase any quantity of such product as it deems necessary. Supplier shall make available all spare parts for the products purchased for 7 years after the date of last delivery of any products under the Order. Supplier shall keep safe and return to Orbotech all documentations, jigs and tools and all other means supplied by Orbotech promptly after the Order has been completed or terminated for any reason.

11. Intellectual Property

11.1 Each party owns or has a license to use its respective patents, copyrights, trademarks, design rights, trade secrets, know-how and other intellectual property and proprietary rights ("IP Rights") created or developed prior to entering into the Order including all modifications, improvements or changes in or to such pre-existing IP Rights. To the extent that any pre-existing IP Rights are contained in or used in connection with the Supply ("Pre-existing IP"), Supplier grants to Orbotech a worldwide, irrevocable, non-exclusive, fully paid, royalty-free right and license to and to authorize others to use, execute, reproduce, display, perform, distribute and prepare derivative works of such Pre-existing IP.

11.2 Supplier acknowledges and agrees that all discoveries, inventions, technologies, procedures, processes, techniques, formulae, methods, improvements, designs, works of authorship, software, trade names, slogans, service marks, mask work rights, IP Rights and other intellectual property and proprietary rights and derivative works invented, conceived, created, discovered, developed, authored or devised, individually or in collaboration with any other person or entity in the course of performing pursuant to the Order (collectively, "Inventions") are "works made for hire" and shall be the sole and exclusive property of Orbotech. Without derogating from the foregoing, if any Inventions do not qualify as "works made for hire", Supplier hereby irrevocably assigns, without additional compensation, all right, title and interest in and to all such Inventions, including, without limitation, any and all applications, registrations, renewals, extensions, claims, allowances, reexaminations, reissues, extensions, other protections and all other intellectual property and proprietary rights of any type, nature and description for any and all Inventions throughout the world.

11.3 Supplier warrants that the sale or use of Supplies or provision of services furnished hereunder will not infringe or contribute to infringement of any IP Right, and shall defend, indemnify and hold Orbotech, its predecessors, successors, assigns and customers (whether direct or indirect), harmless against any and all claims, losses, demands, damages and expenses (including reasonable attorneys' fees and other costs of defending any action) (collectively, "Claims") which they, or any of them, may sustain or incur as arising from or relating to the Pre-existing IP or any breach of this warranty.

12. Confidentiality/Publicity

Without derogating from any confidentiality obligations undertaken by Supplier prior to the date of the Order, which obligations shall continue to apply mutatis mutandis, all information provided to Supplier, or to which Supplier may have access or learn in connection with the Order shall be kept strictly confidential and used exclusively for the purpose of performing the Order. Supplier shall not disclose its business relationship with Orbotech to third parties, nor exhibit the whole of or part of the goods manufactured from technical documents or specifications owned/provided by Orbotech.

13. Indemnity and Insurance

Supplier shall defend, indemnify and hold Orbotech, its predecessors, successors, assigns and its customers (whether direct or indirect) against any and all Claims, which they, or any of them, may sustain or incur as a result of (i) any claim of violation of any common law or any Governmental Law, (ii) negligence, breach of warranty or strict liability in tort in connection with the use of the goods or provision of services, except to the extent caused by negligence of Orbotech, and (iii) Supplier's breach of or default under the Order.

Supplier shall procure and maintain the following insurance with carriers rated "A" or better, to protect Orbotech and Supplier from any and all Claims: (i) Commercial General Liability Insurance, including Products/Completed Operations and Contractual Liability Insurance, with a limit of liability not less than \$5 million per occurrence combined single limit for bodily injury and property damage; (ii) Workers' Compensation with statutory limits; (iii) Employers' Liability Insurance with a limit of \$2 million each accident and disease; and (iv) Automobile Liability Insurance for any auto owned, non-owned, leased, rented or hired and used in the fulfillment of the Order, with a limit of \$2 million per occurrence combined single limit for bodily injury and property damage.

Supplier shall provide a certificate of insurance issued by an authorized representative of Supplier's insurance company, naming Orbotech as additional insured and providing a waiver of subrogation in favor of Orbotech. Upon request, Supplier shall provide Orbotech with a copy of such insurance policies. Supplier hereby agrees to purchase, at Supplier's expense, any additional insurance which Orbotech may consider to be necessary in light of the risks relating to performance of the Order.

14. Termination

14.1 Orbotech may cancel the Order or any part thereof at any time prior to (i) shipment for goods not specially manufactured for Orbotech, or (ii) commencement of services, without any liability to Supplier. If Orbotech terminates after the time set forth in 14.1(i) or (ii) above, Orbotech shall be liable to Supplier for Supplier's actual, documented out of pocket expense expended prior to receipt of notice of cancellation by Orbotech for work and materials procured solely as a result of the Order which cannot be used by Supplier for any other product or service, and in no event in excess of the purchase price of cancelled goods or services (the "Termination Cost").

14.2 In addition to its other rights and remedies, Orbotech may immediately terminate any Order without liability whatsoever in the following cases (i) Court-ordered, or out-of-court dissolution or liquidation of Supplier; (ii) an event of force majeure, the consequences of which last for more than 6 weeks; (iii) Supplier's breach of or default under the Order; (iv) Supplier's inadequate financial condition (as determined by Orbotech in its sole discretion); and (v) Supplier's failure (as determined by Orbotech in its sole discretion) to provide adequate assurance of performance and/or financial condition.

15. Disputes – Governing Law

The Order and any claim, dispute, or controversy arising out of or in connection with or relating to the Order or the breach or alleged breach thereof shall be governed by and construed in accordance with the laws of the State of Israel, without reference to conflicts of law principles. The United Nations Convention on Contracts for the International Sale of Goods shall not be applicable.

16. Governmental Laws and Contract Terms and Conditions

Supplier agrees to comply with all applicable Governmental Laws, including any provisions of governmental contracts, including, without limitation, customs rules and regulations, restrictions on export of information, restrictions on dealing with restricted persons and citizens of restricted countries, compliance with equal opportunity requirements and implementation of a supplier diversity plan. Supplier will take appropriate due diligence and continuous monitoring of Supplier's supply chain as are reasonably necessary to avoid procurement or use of raw metals sourced from regions of the world known as "conflict regions", including, without limitation, conflict materials that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country, as such terms are defined in Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act. Supplier further agrees to fully support Orbotech's efforts to keep its supply chain free from such conflict metals and make its due diligence measures available to Orbotech for review upon request.